



**Comprehensive Annual
Financial Report
Fiscal Year Ending
June 30, 2011**

Prepared by the Finance Department

TOWN OF SMYRNA, TENNESSEE

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INTRODUCTORY SECTION

Town Council

Marc Adkins

H. G. Cole

Paul Johns

Lance Lee

Tim Morrell

Mary Esther Reed, Vice-Mayor

**Mayor**

Tony Dover

Town Manager

Mark O'Neal

Finance Department
Rex S. Gaither, Finance Director

October 31, 2011

The Honorable Mayor, Town Council and Citizens of the Town of Smyrna, Tennessee:

The Comprehensive Annual Financial Report of the Town of Smyrna, Tennessee (the "Town" or "Town of Smyrna") for the fiscal year ending June 30, 2011 is hereby submitted as required by state statutes. These statutes require that all general-purpose local governments publish a complete set of audited financial statements.

Management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Town has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town's financial statements. Because the cost of internal controls should not exceed anticipated benefits, the Town's internal controls have been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement.

The Town's financial statements have been audited by Yeary, Howell & Associates. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion. The independent auditor's report is presented as the first component of the financial section of this report.

Management's Discussion and Analysis (MD&A) provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Town of Smyrna's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The Town of Smyrna is located in middle Tennessee in the northwestern part of Rutherford County; it has grown 48.1% in the previous ten years. The Town is in close proximity to the southeastern boundary of Metropolitan Nashville-Davidson County and is joined by the City of Murfreesboro on the south. The City of LaVergne is immediately to the northwest of the Town. The incorporated area of the Town covers approximately 29 square miles and serves a population of 39,974.

The Town was first incorporated in December 1869, but that incorporating charter was repealed in 1881. The Town then operated under a Mayor and Commission form of government authorized by a charter dated May 5, 1915. In January 2000, the Town adopted a new charter changing to a Council-Manager form of government. The new charter also changed the number of members in the governing body of the Town. The governing body is made up of the Mayor and six Council Members, who serve four-year terms of office. The Mayor and Council appoint the Town Manager, who is the chief, non-elected administrative officer of the Town.

The Town provides a wide range of services characteristic of similar jurisdictions in the state. These services include police and fire protection; the maintenance of highways and streets; parks and recreation; community development; planning and zoning; stormwater; and general administrative services. The Town also operates water, sewer, and natural gas utilities for its residents. Electric power is provided by the Middle Tennessee Electric Membership Cooperative. The Town is also financially accountable for a legally separate industrial development board, which is reported separately within the Town's financial statements. Additional information on this board can be found in the notes to the financial statements on page 28.

The annual budget serves as the foundation for the Town's financial planning and control. The Town maintains budgetary controls in order to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Town's governing body. The legal level of budgetary control is at the department level. Any revision to the total expenditures of any department or transfers between departments must be approved by the Town Council. Additional information concerning the Town's budgetary process can be found on page 46 of this report.

Local Economy

The Town currently enjoys a favorable economic environment and local indicators point to continued stability. The Town enjoys a diversified base of employment from area industries and also serves as a bedroom community to Nashville. The largest single employer is Nissan North America, Inc., a leading manufacturer of vehicles in America. Nissan is also one of Tennessee's largest employers with approximately 3,700 employees.

The Town continues to see commercial growth within its boundaries. This growth provides jobs and sales tax revenue, which have allowed the Town to achieve a more balanced tax structure and become less dependent on the property tax to fund municipal services. In the midst of troubled economic times the Town has seen promising indicators such as a steady increase in the amount of tax revenue, mainly the state shared tax revenue and the local sales tax revenue. These revenues for fiscal year 2011 were higher than they have been in the previous year, indicating a positive trend. Current collections are at a level of 1.22% over fiscal year 2011.

The local economy has historically remained healthier than the national economy, with the average unemployment rate below the national average. During the past ten years, the unemployment rate for Smyrna has averaged about 5.45%, while the national unemployment rate

for the same time period has averaged about 6.1%. The local unemployment rate is expected to decrease in the near future due to continued new business creation.

Long-term Financial Planning

As part of the Town's budget process, a five-year capital plan is developed in order to assess future needs. As part of this plan, projects are evaluated as to their future funding source in order that the Town can adequately plan for future bond issue needs, as well as investing idle cash.

Relevant Financial Policies

The Town's Financial, Debt, and Budget Management Policy, as adopted by the Town Council, requires that ending fund balance of the general fund be maintained at a level that equals at least 30 to 35% of the general fund operating revenue. This policy is in place to provide a contingency plan for times of economic downturn or one-time use for capital expansion.

Major Initiatives

The Town's impressive amenities, such as our superior park system, two golf courses, extensive greenways, and our forward looking approach to infrastructure improvements, and recruitment of commercial business allow us to continue to live up to our reputation of being one of the top 10 best places to retire by U.S. News and World Report (2008). More recently, Forbes Magazine recognized the Town as one of the top 25 suburbs for retirement touting the Town's cost of living is 11% below the national average (2011).

The Town continues to abide by our Employees' Guiding Principles to remind us that everything we do as an organization and as individual employees of the Town is to benefit the citizens of Smyrna. Management and all employees give particular attention to customer service, respecting all members of the organization, being innovative, financially responsible, and embracing a mentoring mindset.

The Town continues to pursue the Federal Highway Administration and Tennessee Department of Transportation regarding the construction of another interchange off Interstate 24 within the Town's corporate boundaries. Providing this additional interchange would allow for a wealth of opportunities for commercial growth while further benefiting our citizens by providing an additional means of accessing Interstate 24.

The Town is pleased to report that the Department of Veterans Affairs held its official ribbon cutting ceremony in September, 2010 for its new call center that services 19 hospitals in the mid-south area. This new VA call center employs 481 at present, with an estimated pay of \$40,000 to \$50,000 annually. The area surrounding the call center is also seeing growth and improvements.

The Town's largest employer, Nissan North America, recently won Electric Vehicle of the Year at the 2011 Green-Fleet Awards competition in the United Kingdom for the new 100% electric, zero-emission, Nissan Leaf. Production of the Nissan Leaf in Smyrna is scheduled to start in late

2012. Nissan is continuing to work on the adjacent plant to manufacture the lithium-ion batteries that power the Leaf. These new additions are expected to provide an additional 1,300 jobs. At full capacity, the Smyrna plant will be capable of producing 200,000 batteries and 150,000 electric vehicles annually. In addition to the Leaf production, the Smyrna plant is also set to make the new Infiniti JX luxury crossover and the next-generation Nissan Rogue. Nissan North America-Smyrna is also under way with a \$200 million expansion of the paint shop facility.

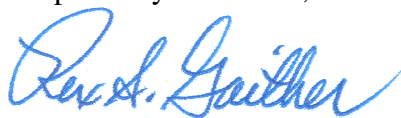
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Smyrna for its comprehensive annual financial report (CAFR) for the year ended June 30, 2010. The Town of Smyrna has received a Certificate of Achievement for the last twenty three consecutive years (fiscal years ended 1988-2010). In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efforts of the members of the Finance Department office staff and the cooperation of each of the Town's departments. Specific appreciation is expressed to Finance Manager, Ed Hamblin and Financial Analyst, Brenda Yeatts, on their preparation and thoroughness throughout the audit process. Credit also must be given to the Mayor and Town Council and Town Manager Mark O'Neal for their unfailing support for maintaining the highest standards of professionalism in the management of the Town of Smyrna's finances.

Respectfully submitted,



Rex S. Gaither
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Smyrna
Tennessee

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



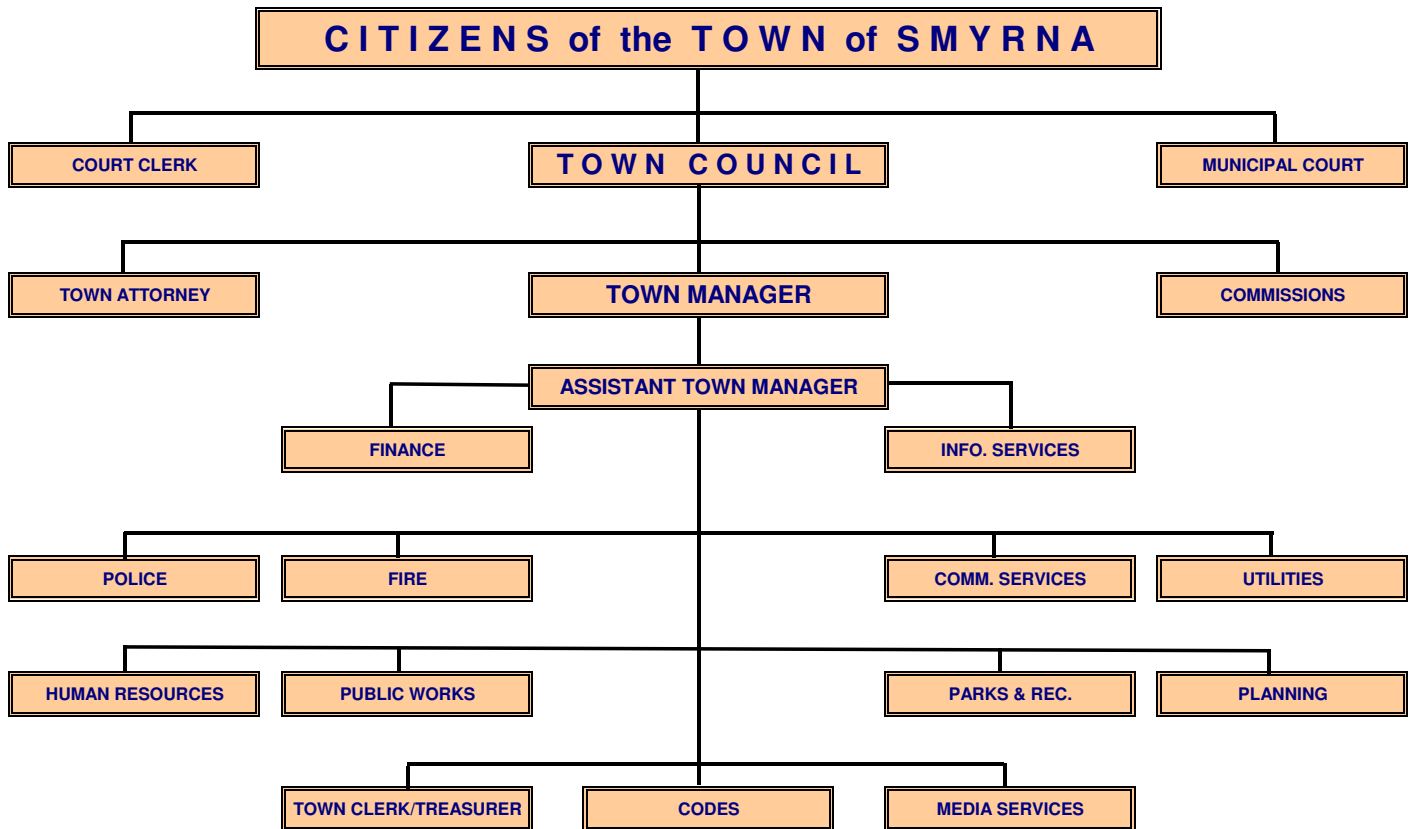
Linda C. Sandison

President

Jeffrey R. Emmer

Executive Director

ORGANIZATIONAL CHART



TOWN OF SMYRNA, TENNESSEE

Town Officials

ELECTED OFFICIALS:

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Tony Dover	Mayor	December 2014
Mary Esther Reed	Vice Mayor, Councilwoman	December 2012
H. G. Cole	Councilman	December 2014
Tim Morrell	Councilman	December 2012
Paul Johns	Councilman	December 2012
Lance Lee	Councilman	December 2014
Marc Adkins	Councilman	December 2014

APPOINTED OFFICIALS:

		<u>Date of Appointment</u>
Mark O'Neal	Town Manager	September 2002
Jack Reinhard	Director of Utilities	September 2007
Rex S. Gaither	Director of Finance	November 2010
Kevin Arnold	Chief of Police	December 2006
Bill Culbertson	Fire Chief	January 1993
David King	Director of Public Works	February 2007
Hal Loflin	Director of Community Services	June 1993
Mike Moss	Director of Parks and Recreation	June 2004

FINANCIAL SECTION

YEARY, HOWELL & ASSOCIATES

Certified Public Accountants

501 EAST IRIS DRIVE
NASHVILLE, TN 37204-3109

HUBERT E. (BUDDY) YEARY
GREGORY V. HOWELL

TELEPHONE
(615) 385-1008
FAX (615) 385-1208

Independent Auditor's Report

Honorable Mayor and Town Council
Town of Smyrna, Tennessee
Smyrna, Tennessee

We have audited the accompanying financial statements of the governmental activities, the business - type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Smyrna, Tennessee (the Town), as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Town of Smyrna's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business - type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Smyrna, Tennessee at June 30, 2011, and the respective changes in financial position and cash flows, where applicable, and the budgetary comparison for General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As reflected in the balance sheet of the governmental funds and in the notes to the financial statements, the City has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definition*, effective for periods beginning after June 15, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2011, on our consideration of the Town of Smyrna's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pages 2 through 11, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Smyrna's basic financial statements. The Introductory Section, Combining and Individual Nonmajor Fund Statements and Schedules, and Statistical Section are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is also not a required part of the basic financial statements. The Combining and Individual Nonmajor Fund Statements and Schedules, including the Schedule of Expenditures of Federal Awards, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

Yeary Howell & Associates

October 31, 2011

Management's Discussion and Analysis

As management of the Town of Smyrna, Tennessee (the "Town" or the "Town of Smyrna"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2011. The analysis focuses on significant financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the Town. Please consider the information presented here in conjunction with our Letter of Transmittal (page i) and the Town's financial statements (beginning on page 12).

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$204,773,727 (net assets). Of this amount, \$26,562,216 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by \$2,160,392.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$20,941,837, a decrease of \$432,371 in comparison with the prior year. Approximately 50.28% of this total amount, \$10,530,089, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$10,530,089, or 34.31% of total general fund expenditures. This demonstrates the Town's fiscal discipline and places the Town in a strong financial position to meet unexpected emergencies, uncertainties at the State level or the general slowdown in the economy.
- The Town of Smyrna's total debt increased by \$16,207,687 during the current fiscal year. This was a result of the issuance of \$22,275,989 in new debt and the payment of current debt owed.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction of the Town of Smyrna's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town of Smyrna's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town of Smyrna is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, highways and streets, stormwater, recreation and community development. The business-type activities of the Town include the Water and Sewer Fund and the Natural Gas Fund.

The government-wide financial statements can be found on pages 12-13 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the capital projects fund, both of which are considered to be major funds. Data from the other six governmental funds are combined into a single, aggregated presentation.

The basic governmental fund financial statements can be found on pages 14-17 of this report.

The general fund statement of revenues, expenditures, and changes in fund balance provides additional details of the fund, as well as, a budget comparison to demonstrate compliance with the budget. This statement can be found on pages 18-21 of this report.

Individual fund data for each of the nonmajor governmental funds is provided in the form of combining and individual fund statements and schedules. The schedules provide a budget comparison to demonstrate compliance with the budget.

The combining and individual fund statements and schedules can be found on pages 47-54 of this report.

Proprietary funds. The Town maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its Water and Sewer Fund and Natural Gas Fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses an internal service fund to account for its self-insured insurance. Because this service benefits both governmental and business-type functions, it has been allocated between both governmental activities and business-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund and the Natural Gas Fund, both of which are considered to be major funds of the Town. The internal service fund is also presented in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 22-25 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 26-27 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-46 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of Smyrna, assets exceeded liabilities by \$204,773,727 at the close of the most recent fiscal year.

Net Assets - Primary Government June 30

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and Other Assets	\$ 36,549,657	\$ 36,482,429	\$ 32,818,256	\$ 33,264,214	\$ 69,367,913	\$ 69,746,643
Capital Assets	97,914,591	101,203,944	139,755,384	119,094,340	237,669,975	220,298,284
Total Assets	134,464,248	137,686,373	172,573,640	152,358,554	307,037,888	290,044,927
Long-term Liabilities Outstanding	23,698,146	25,017,707	57,186,152	39,102,610	80,884,298	64,120,317
Other Liabilities	14,061,839	13,599,044	7,318,024	5,391,447	21,379,863	18,990,491
Total Liabilities	37,759,985	38,616,751	64,504,176	44,494,057	102,264,161	83,110,808
Net Assets:						
Invested in Capital Assets, net of related debt	77,232,023	78,000,723	94,513,896	92,392,866	171,745,919	170,393,589
Restricted	6,465,592	6,675,313	-	-	6,465,592	6,675,313
Unrestricted	13,006,648	14,393,586	13,555,568	15,471,631	26,562,216	29,865,217
Total Net Assets	\$ 96,704,263	\$ 99,069,622	\$ 108,069,464	\$ 107,864,497	\$ 204,773,727	\$ 206,934,119

By far the largest portion of the Town of Smyrna's net assets (83.9 percent) reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The Town of Smyrna uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Smyrna's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the Town's net assets (3.16 percent) represents resources that are subject to external restrictions on how they may be used. These include net assets restricted for capital projects (\$4,504,069), cemetery (\$453,875) highways and streets (\$156,300), stormwater (\$1,310,636) and law enforcement (\$40,712). The remaining balance of unrestricted net assets (\$26,562,216) may be used to meet the government's ongoing obligations to citizens and creditors.

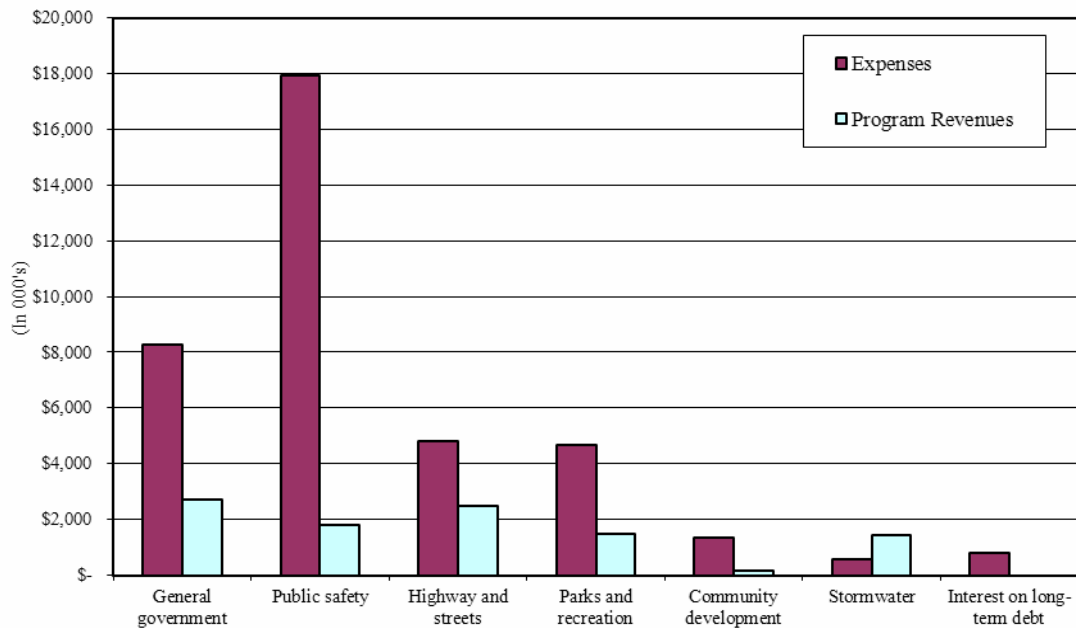
At the end of the current fiscal year, the Town of Smyrna is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Governmental activities. Governmental activities decreased the Town of Smyrna's net assets by \$2,365,359. A portion of this decrease is due to increases in ongoing expenses have outpaced similar increases in ongoing revenues. However, the Town also saw an increase in property tax and in lieu of tax revenue. Interest expense on long-term debt was another contributing factor to the overall decrease in net assets.

**Changes in Net Assets
For the year ended June 30**

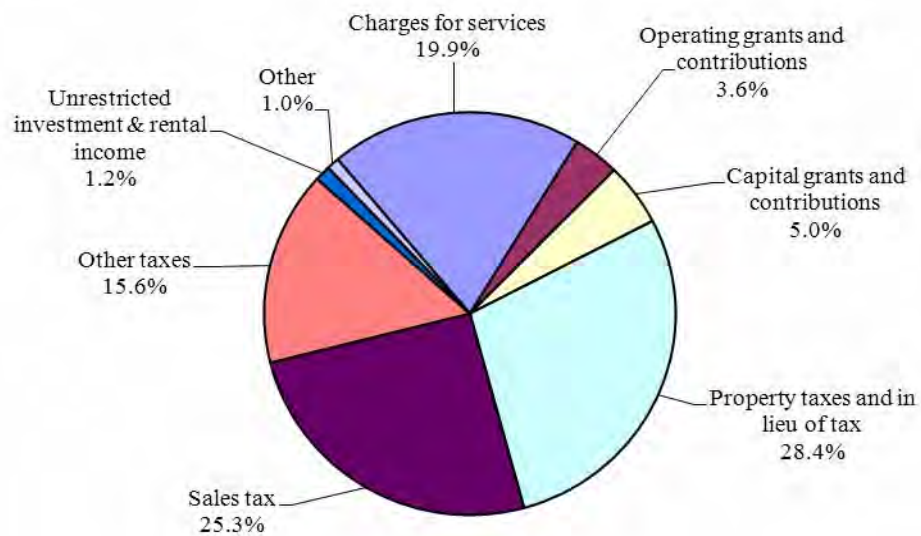
	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Charges for services	\$ 7,030,285	\$ 7,189,515	\$ 25,502,900	\$ 27,205,568	\$ 32,533,185	\$ 34,395,083
Operating grants and contributions	1,283,978	1,335,960	-	239,117	1,283,978	1,575,077
Capital grants and contributions	1,779,839	3,190,854	2,091,083	3,116,918	3,870,922	6,307,772
General revenues:	-	-	-	-	-	-
Property taxes and in lieu of tax	10,049,065	10,105,333	-	-	10,049,065	10,105,333
Sales tax	8,967,292	8,555,022	-	-	8,967,292	8,555,022
Other taxes	5,520,749	5,094,883	-	-	5,520,749	5,094,883
Gain on sale of capital assets	-	3,528	-	-	-	3,528
Unrestricted investment earnings	441,617	439,556	225,070	229,702	666,687	669,258
Other	343,927	223,644	1,583	3,496	345,510	227,140
Total Revenues	35,416,752	36,138,295	27,820,636	30,794,801	63,237,388	66,933,096
Expenses:						
General government	8,275,614	7,239,734	-	-	8,275,614	7,239,734
Public safety	17,948,437	17,509,604	-	-	17,948,437	17,509,604
Highway and streets	4,801,834	4,863,802	-	-	4,801,834	4,863,802
Parks and recreation	4,650,655	4,747,459	-	-	4,650,655	4,747,459
Community development	1,331,653	1,319,116	-	-	1,331,653	1,319,116
Stormwater	593,683	542,203	-	-	593,683	542,203
Interest on long-term debt	820,094	805,659	-	-	820,094	805,659
Water and Sewer	-	-	13,312,416	12,900,325	13,312,416	12,900,325
Natural Gas	-	-	13,663,394	15,005,041	13,663,394	15,005,041
Total expenses	38,421,970	37,027,577	26,975,810	27,905,366	65,397,780	64,932,943
Increase in net assets before transfers	(3,005,218)	(889,282)	844,826	2,889,435	(2,160,392)	2,000,153
Transfers	639,859	610,127	(639,859)	(610,127)	-	-
Increase in net assets	(2,365,359)	(279,155)	204,967	2,279,308	(2,160,392)	2,000,153
Net assets - beginning	99,069,622	99,348,777	107,864,497	105,585,189	206,934,119	204,933,966
Net assets - ending	\$ 96,704,263	\$ 99,069,622	\$ 108,069,464	\$ 107,864,497	\$ 204,773,727	\$ 206,934,119

Expenses and Program Revenues – Governmental Activities



As the above graph shows, Public Safety is the largest activity, reflecting the Town's commitment to a safe community. General Government is the next largest activity, which is responsible for the administration of the government. Highways and Streets and Parks and Recreation were also substantial activities reflecting the Town's commitment to safe and adequate roads and leisure activity.

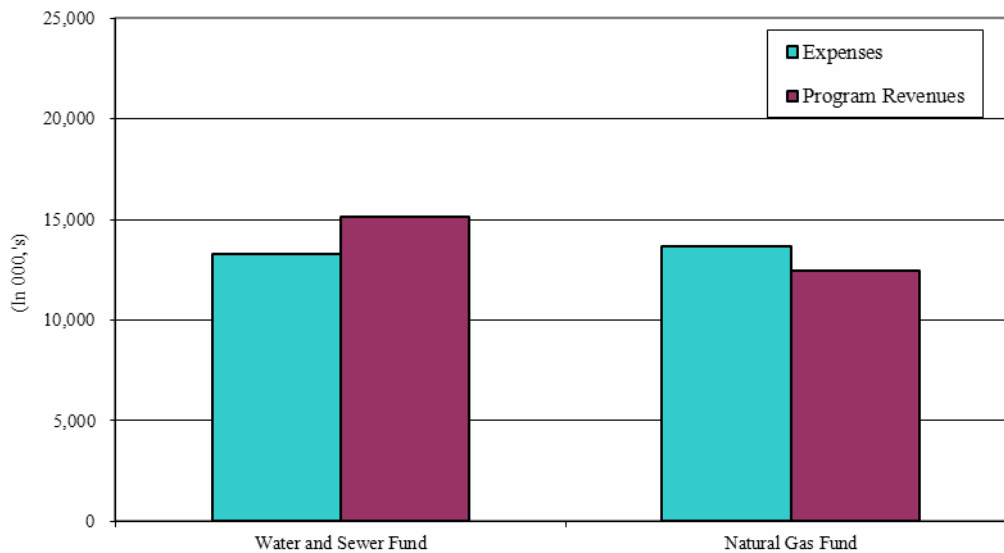
Revenue by Source – Governmental Activities



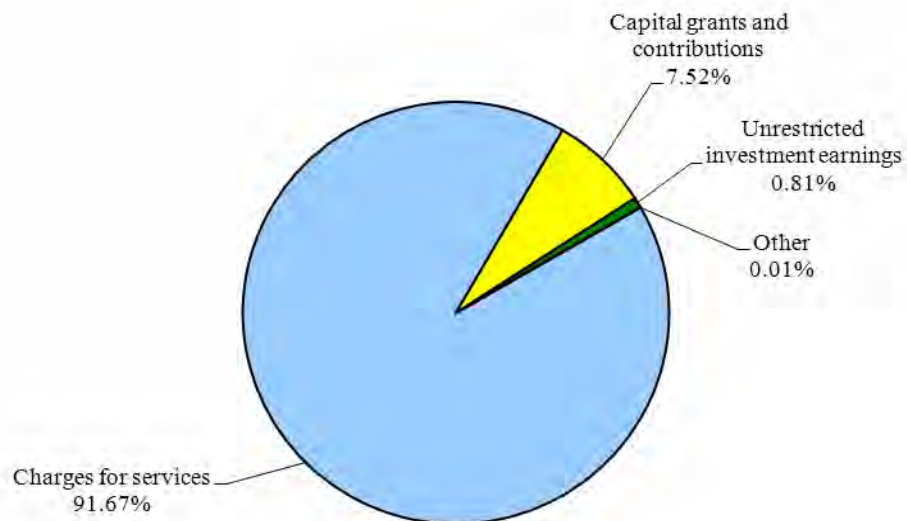
Business-type activities. Business-type activities increased the Town of Smyrna's net assets by \$204,967. Key elements of this increase are as follows:

- The increase in net assets is a result of cash and non-cash capital contributions increasing in the Water and Sewer Fund. This is primarily a result of commercial growth in tap fees and distribution lines donated by developers.

Expenses and Program Revenues – Business-type Activities



Revenues by Source – Business-type Activities



Financial Analysis of the Government's Funds

As noted earlier, the Town of Smyrna uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Town of Smyrna's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance serves as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$20,941,837, a decrease of \$432,371 in comparison with the prior year. Approximately 50% of this total amount \$10,530,089 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for notes receivable \$170,456, restrictions \$7,545,900, assignments \$2,625,725, and prepaid items and inventory \$69,667.

The general fund is the chief operating fund of the Town of Smyrna. The fund balance for the Town of Smyrna's general fund decreased by \$1,506,981 during the current fiscal year. At the end of the current fiscal year, unassigned fund balance of the general fund was \$10,530,089, while total fund balance was \$13,679,356. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 34 percent of total general fund expenditures, while total fund balance represents 45 percent of that same amount.

The capital projects fund has a total fund balance of \$1,710,134, of which \$170,456 is reserved for the noncurrent portion of notes receivable. The net decrease in fund balance during the current year in the capital projects fund was \$76,161. The key factor in this decrease was funds from the purchase of capital outlay.

Proprietary funds. The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water and Sewer Fund at the end of the year amounted to \$1,840,940 and those for the Natural Gas Fund amounted to \$11,146,338. The change in unrestricted net assets for the funds was a decrease of \$888,884 and of \$1,135,800, respectively. Other factors concerning the finances of these two funds have already been addressed in the discussion of the Town's business-type activities.

General Fund Budgetary Highlights

During the year there was a \$2,284,500 net increase in appropriations between the original and final amended general fund expenditure budget and can be summarized with the following increase:

- \$23,500 supplemental amendment to fund health insurance for the legislative and planning and codes departments.
- \$1,350,000 supplemental amendment to fund professional services and flood expenditures for the administration department.
- \$625,000 supplemental amendment to fund salaries and health insurance for the police department.
- \$245,000 supplemental amendment to fund salaries and health insurance for the fire department.
- \$41,000 supplemental amendment to fund health insurance and food purchases for the community development department.

The supplemental amendments were funded from unassigned fund balance.

Additional information about the budget process can be found in Note 16, on page 46 of this report.

Capital Asset and Debt Administration

Capital assets. The Town of Smyrna's investment in capital assets for its governmental and business type activities as of June 30, 2011 amounts to \$237,669,975 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways and bridges. The total increase in the Town of Smyrna's investment in capital assets for the current fiscal year was 7.9 percent (a 3.25 percent decrease for governmental activities and a 7.35 percent increase for business-type activities).

Major capital asset events during the current fiscal year included the following:

- The construction phase continued on the water plant expansion during the fiscal year; which amounted to \$18,428,755 for this project for the fiscal year.
- Side walk rehabilitation was completed during the year, which amounted to \$94,683 for the year.
- Purchased 8 police patrol vehicles. This purchase resulted in an increase in equipment of \$220,114.
- Construction on the La Vergne gas line extension for the natural gas department continued during the year. This amounted to \$130,369 for this project.
- An automatic meter reading program continued during the fiscal year in the water & sewer and natural gas departments. This project amounted to \$696,618 as of the close of the fiscal year.
- Sewer rehabilitation work continued during the fiscal year, which amounted to \$772,291 for this project as of the close of the fiscal year.
- Construction continued on Weakley Lane improvements during the fiscal year; which amounted to \$69,093 for this project for the fiscal year.
- Construction began on the Town Centre expansion during the fiscal year; which amounted to \$52,951 for this project for the fiscal year.
- Construction continued on the water reuse project during the fiscal year, which amounted to \$4,066,747 for the fiscal year.
- Construction completed on the Rotary Park Restrooms, which amounted to \$93,349 for this project.
- Stormwater drainage improvements were completed; which amounted to \$194,768 for the year.

Capital Assets (net of accumulated depreciation) June 30

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 5,557,804	\$ 5,554,972	\$ 1,681,903	\$ 1,667,715	\$ 7,239,707	\$ 7,222,687
Water rights	-	-	2,350,000	2,350,000	2,350,000	2,350,000
Buildings and system	10,952,260	11,487,712	103,360,462	105,572,464	114,312,722	117,060,176
Improvements other than buildings	9,613,086	9,902,758	-	-	9,613,086	9,902,758
Machinery and equipment	4,792,416	5,505,140	905,117	1,421,987	5,697,533	6,927,127
Infrastructure	64,434,963	66,381,009	-	-	64,434,963	66,381,009
Construction in progress	2,564,062	2,372,353	31,457,902	8,082,174	34,021,964	10,454,527
Total Assets, net	\$ 97,914,591	\$ 101,203,944	\$ 139,755,384	\$ 119,094,340	\$ 237,669,975	\$ 220,298,284

Additional information on the Town's capital assets can be found in Note 3 on page 35 of this report.

Long-term debt. At the end of the current fiscal year, the Town of Smyrna had total bonded debt outstanding of \$77,758,284. Of this amount, \$24,807,716 is debt backed by the full faith and credit of the government; \$55,950,568 is debt secured by specified revenue sources, but backed by the taxing authority of the Town (i.e., revenue and tax bonds).

Outstanding Debt
General Obligation and Revenue Bonds
June 30

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
General obligation bonds	\$ 21,807,716	\$ 23,153,677	\$ -	\$ -	\$ 21,807,716	\$ 23,153,677
Revenue and tax bonds	-	-	55,950,568	38,396,920	55,950,568	38,396,920
Total	<u>\$ 21,807,716</u>	<u>\$ 23,153,677</u>	<u>\$ 55,950,568</u>	<u>\$ 38,396,920</u>	<u>\$ 77,758,284</u>	<u>\$ 61,550,597</u>

The Town of Smyrna's total bonded debt increased by \$16,207,687 (26.33%) during the current fiscal year. This was a result of the issuance of \$22,275,989 in new debt and the payment of current debt owed.

The Town of Smyrna maintains a "AA" rating from Standard and Poor's and an "Aa3" rating from Moody's Investors Service for its general obligation and revenue and tax bonds debt.

State statutes set no limit for the amount of general obligation debt a governmental entity may issue. However, the Town has established a policy that tax supported debt not exceed 10% of assessed property value. The Town's tax supported debt is currently at 7.76% of assessed property value.

Additional information on the Town of Smyrna's long-term debt can be found in Note 6 on pages 37-39 of this report.

Economic Factors and Next Year's Budgets and Rates

- Management believes unemployment in the area will continue to decrease due to the Nissan plant expansion and construction of the new battery plant.
- Local sales tax collections continue to come in at amounts greater than the previous year's collections. This is due to the continued development of commercial businesses through this economic slowdown.
- The economic recovery from the downturn seems to be on a slow but steady path.

These factors were considered in preparing the Town of Smyrna's budget for the 2012 fiscal year.

During the current fiscal year, unassigned fund balance in the general fund was \$10,530,089. The Town of Smyrna appropriated a decrease in unassigned fund balance of \$2,625,725 of this amount for spending on one time capital assets in the 2012 fiscal year budget. Should these appropriated amounts be needed for operations, some of the one-time capital assets can be rescheduled for future appropriations.

Requests for Information

This financial report is designed to provide a general overview of the Town of Smyrna's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Town of Smyrna
Office of the Finance Director
315 South Lowry
Smyrna, Tennessee 37167
E-mail: rex.gaither@townofsmyrna.org

TOWN OF SMYRNA, TENNESSEE

Statement of Net Assets

June 30, 2011

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental</u>	<u>Business</u>		<u>Industrial</u>
<u>Assets</u>	<u>Activities</u>	<u>Activities</u>	<u>Total</u>	<u>Development</u>
Cash and cash equivalents	\$19,930,639	10,462,929	30,393,568	50,657
Receivables (net of allowance for uncollectibles)				
Taxes	10,749,903	-	10,749,903	-
Due from other governments	2,865,683	2,866	2,868,549	-
ARRA and revolving loan funds	-	1,363,569	1,363,569	-
Accounts receivable	831,575	4,698,148	5,529,723	-
Inventories, at cost	74,668	602,222	676,890	-
Internal balances	531,260	(531,260)	-	-
Restricted assets:				
Cash and equivalents - customer and developer deposits	-	786,742	786,742	-
Cash-bond proceeds	1,169,917	14,291,936	15,461,853	-
Other	-	2,450	2,450	-
Note receivable	179,977	456,049	636,026	-
Prepaid items	10,311	-	10,311	-
Other assets	205,724	682,605	888,329	98,768
Non-depreciable capital assets	8,121,866	35,489,805	43,611,671	-
Depreciable capital assets (net of accumulated depreciation)	89,792,725	104,265,579	194,058,304	3,009,281
 Total Assets	 <u>\$134,464,248</u>	 <u>172,573,640</u>	 <u>307,037,888</u>	 <u>3,158,706</u>
 <u>Liabilities</u>				
Accounts payable	\$2,111,964	1,201,949	3,313,913	-
Accrued liabilities	1,582,415	693,051	2,275,466	-
Interest payable	181,614	256,364	437,978	14,397
Deferred revenue	10,143,978	-	10,143,978	-
Unearned revenue	41,868	2,032,646	2,074,514	-
Contracts payable from restricted assets		2,347,272	2,347,272	
Liabilities payable from restricted assets	-	786,742	786,742	-
Long-term liabilities due within one year	3,313,791	3,365,161	6,678,952	60,000
Long-term liabilities due in more than one year	20,384,355	53,820,991	74,205,346	3,725,000
 Total Liabilities	 <u>37,759,985</u>	 <u>64,504,176</u>	 <u>102,264,161</u>	 <u>3,799,397</u>
 <u>Net Assets</u>				
Investments in capital assets, net of related debt	77,232,023	94,513,896	171,745,919	(775,719)
Restricted for:				
Cemetery maintenance	453,875	-	453,875	-
Street maintenance	156,300	-	156,300	-
Law enforcement	40,712	-	40,712	-
Stormwater	1,310,636	-	1,310,636	-
Capital projects	4,504,069	-	4,504,069	-
Unrestricted	13,006,648	13,555,568	26,562,216	135,028
Total Net Assets	<u>\$96,704,263</u>	<u>108,069,464</u>	<u>204,773,727</u>	<u>(640,691)</u>

See accompanying notes to financial statements

TOWN OF SMYRNA, TENNESSEE

Statement of Activities

For the Year Ended June 30, 2011

Functions / Programs:	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets		Total	Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Industrial Development Fund
					Governmental Activities	Business-type Activities		
Primary Government:								
Governmental Activities:								
General government	\$8,275,614	2,334,212	144,244	221,472	(5,575,686)	-	(5,575,686)	-
Public safety:								
Police	9,568,842	1,686,516	18,665	-	(7,863,661)	-	(7,863,661)	-
Fire	8,379,595	-	-	82,866	(8,296,729)	-	(8,296,729)	-
Highways and streets	4,801,834	-	1,121,069	1,366,447	(2,314,318)	-	(2,314,318)	-
Recreation	4,650,655	1,395,252	-	109,054	(3,146,349)	-	(3,146,349)	-
Community Development	1,331,653	183,142	-	-	(1,148,511)	-	(1,148,511)	-
Stormwater	593,683	1,431,163	-	-	837,480	-	837,480	-
Interest expense on long-term debt	820,094	-	-	-	(820,094)	-	(820,094)	-
Total Government Activities	38,421,970	7,030,285	1,283,978	1,779,839	(28,327,868)	-	(28,327,868)	-
Business-type Activities								
Water and Sewer	13,312,416	13,089,220	-	2,064,306	-	1,841,110	1,841,110	-
Natural Gas	13,663,394	12,413,680	-	26,777	-	(1,222,937)	(1,222,937)	-
Total Business-type Activities	26,975,811	25,502,900	-	2,091,083	-	618,173	618,173	-
Total Primary Government	\$65,397,781	32,533,185	1,283,978	3,870,922	(28,327,868)	618,173	(27,709,695)	-
Component Unit								
Industrial Development Fund	\$306,363	231,000	-	-	-	-	-	(75,363)
General Revenues:								
Property taxes and in lieu of tax					\$10,049,065	-	10,049,065	-
Sales taxes					8,967,292	-	8,967,292	-
Business tax					728,197	-	728,197	-
Wholesale beer tax					1,036,175	-	1,036,175	-
Unrestricted other locally assessed taxes					727,085	-	727,085	-
State shared income tax					60,874	-	60,874	-
State shared beer tax					19,862	-	19,862	-
State shared sales tax					2,533,912	-	2,533,912	-
State shared mixed drink tax					173,260	-	173,260	-
Unrestricted other state shared taxes					241,384	-	241,384	-
Unrestricted investment earnings					441,617	225,070	666,687	9
Other					343,927	1,583	345,510	-
Transfers					639,859	(639,859)	-	-
Total general revenues and transfers					25,962,509	(413,206)	25,549,303	9
Change in net assets					(2,365,359)	204,967	(2,160,392)	(75,354)
Net assets - beginning of year					99,069,622	107,864,497	206,934,119	(565,337)
Net assets - end of year					\$96,704,263	108,069,464	204,773,727	(640,691)

See accompanying notes to financial statements

TOWN OF SMYRNA, TENNESSEE

**Balance Sheet
Governmental Funds**

June 30, 2011

<u>Assets</u>	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash	\$12,885,984	511,623	5,433,577	18,831,184
Cash - bond proceeds	-	1,169,917	-	1,169,917
Receivables (net of allowance for uncollectibles)				
Taxes	10,797,938	-	-	10,797,938
Due from other governments	2,656,145	25,000	184,538	2,865,683
Accounts receivable	300,243	-	222,721	522,964
Due from other funds	1,100,000	-	-	1,100,000
Inventory of supplies	59,356	-	-	59,356
Note receivable	-	179,977	-	179,977
Prepaid items	10,311	-	-	10,311
 Total Assets	<u>\$27,809,977</u>	<u>1,886,517</u>	<u>5,840,836</u>	<u>35,537,330</u>
 <u>Liabilities and Fund Balances</u>				
Accounts payable	\$680,567	170,797	182,080	1,033,444
Accrued costs	1,565,615	-	16,800	1,582,415
Deferred/unearned revenue	11,884,439	5,586	89,609	11,979,634
 Total Liabilities	<u>14,130,621</u>	<u>176,383</u>	<u>288,489</u>	<u>14,595,493</u>
 Fund Balance:				
Nonspendable:				
Inventory	59,356	-	-	59,356
Prepays	10,311	-	-	10,311
Notes receivable		170,456	-	170,456
Restricted for:				
Cemetery maintenance	453,875	-	-	453,875
Street maintenance	-	-	66,691	66,691
Law enforcement	-	-	40,712	40,712
Stormwater	-	-	1,310,636	1,310,636
General capital projects	-	720,737	-	720,737
Roads capital projects	-	327,576	3,007,029	3,334,605
Parks capital projects	-	491,365	725,781	1,217,146
Fire protection capital projects	-	-	401,498	401,498
Assigned to:				
Subsequent year's budget	2,625,725	-	-	2,625,725
Unassigned	10,530,089	-	-	10,530,089
Total Fund Balances	<u>13,679,356</u>	<u>1,710,134</u>	<u>5,552,347</u>	<u>20,941,837</u>
 Total Liabilities and Fund Balances	<u>\$27,809,977</u>	<u>1,886,517</u>	<u>5,840,836</u>	<u>35,537,330</u>

See accompanying notes to financial statements.

TOWN OF SMYRNA, TENNESSEE

**Reconciliation of Balance Sheet to Statement of Net Assets
of Governmental Activities**

June 30, 2011

Amounts reported for fund balance - total governmental funds	\$20,941,837
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore, are not reported in the funds.	97,914,591
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	
State shared revenues and local option sales tax receivable	1,307,247
Property taxes receivable	438,506
Internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the statement of net assets.	(223,882)
Interest payable on long-term obligations are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.	(181,614)
Bond issue costs are amortized over the life of the bonds in the statement of activities.	205,724
Bond premiums are amortized as a component of interest in the statement of activities.	(44,769)
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not recorded in the funds.	
Governmental bonds and notes payable	(21,776,630)
Compensated absences	(1,845,661)
Capital leases	(31,086)
Net assets of governmental activities	<u>\$96,704,263</u>

See accompanying notes to financial statements.

TOWN OF SMYRNA, TENNESSEE

**Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds**

For the Year Ended June 30, 2011

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<u>Revenues</u>				
Taxes	\$18,926,298	-	-	18,926,298
Payment in lieu of taxes	2,374,604	-	-	2,374,604
Licenses and permits	543,609	-	545,941	1,089,550
Intergovernmental	3,318,988	205,486	1,038,661	4,563,135
Fines and forfeits	1,587,118	-	99,398	1,686,516
Uses of money and property	3,700,696	28,742	1,497,116	5,226,554
Miscellaneous	358,819	-	-	358,819
Total Revenues	<u>30,810,132</u>	<u>234,228</u>	<u>3,181,116</u>	<u>34,225,476</u>
<u>Expenditures</u>				
Current:				
General government	7,870,648	20,437	-	7,891,085
Public safety:				
Police	8,784,788	34,430	109,604	8,928,822
Fire	8,114,054	23,870	-	8,137,924
Highways and streets	858,130	101,411	713,889	1,673,430
Recreation	3,805,878	49,199	2,500	3,857,577
Community development	1,255,498	4,967	-	1,260,465
Stormwater	-	-	562,305	562,305
Debt service	-	-	2,435,589	2,435,589
Capital outlay	-	961,581	-	961,581
Total Expenditures	<u>30,688,996</u>	<u>1,195,895</u>	<u>3,823,887</u>	<u>35,708,778</u>
Excess (deficiency) revenues over expenditures	121,136	(961,667)	(642,771)	(1,483,302)
<u>Other Financing Sources (Uses)</u>				
General obligation note issuance	-	226,000	-	226,000
Capital lease proceeds	-	31,086	-	31,086
Insurance proceeds	153,986	-	-	153,986
Transfers in	733,330	628,420	2,435,589	3,797,339
Transfers out	(2,515,433)	-	(642,047)	(3,157,480)
Total Other Financing Source (Uses)	<u>(1,628,117)</u>	<u>885,506</u>	<u>1,793,542</u>	<u>1,050,931</u>
Net change in fund balance	(1,506,981)	(76,161)	1,150,771	(432,371)
Fund balance, beginning of year, as restated	<u>15,186,337</u>	<u>1,786,295</u>	<u>4,401,576</u>	<u>21,374,208</u>
Fund balance, end of year	<u>\$13,679,356</u>	<u>1,710,134</u>	<u>5,552,347</u>	<u>20,941,837</u>

See accompanying notes to financial statements.

TOWN OF SMYRNA, TENNESSEE

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
of Governmental Funds to the Statement of Activities**

For the Year Ended June 30, 2011

Net change in fund balances-total governmental funds: (\$432,371)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Cost of assets acquired	961,581
Depreciation expense	(5,200,775)
Basis of capital assets disposed of	(34,023)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	53,675
Local option sales tax	145,567
State shared taxes	7,839
Contributed capital assets	983,864

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Debt repayment	1,603,047
Debt issuance	(226,000)
Debt issuance - capital lease	(31,086)
Amortization of debt related costs	(18,981)
Amortization of debt related premium	4,775

Interest is accrued on outstanding obligations in governmental activities whereas in governmental funds, an interest expenditure is reported when due:

Change in accrued interest on debt	7,673
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Expenses reported for governmental activities which do not require the use of financial resources and are not reported as expenditures in the governmental funds:

Compensated absences	(31,175)
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Internal service funds are used by management to charge the costs of insurance to individual funds. The net revenue (expenses) of certain activities of internal service funds is reported with governmental activities. (net of amount allocated to business activities)

(158,969)

Change in net assets of governmental activities

(\$2,365,359)

See accompanying notes to financial statements.

TOWN OF SMYRNA, TENNESSEE
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (GAAP Basis) and Actual

General Fund

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Revenues:				
Taxes:				
Real estate taxes	\$7,450,000	7,620,000	7,620,786	786
Business tax	590,000	603,000	720,527	117,527
Wholesale beer tax	1,000,000	1,036,000	1,036,175	175
Local option sales tax	8,355,000	8,821,000	8,821,725	725
Other	655,000	655,000	727,085	72,085
Total Taxes	18,050,000	18,735,000	18,926,298	191,298
Payments in lieu of taxes	2,377,000	2,377,000	2,374,604	(2,396)
Licenses and Permits	311,050	521,050	543,609	22,559
Intergovernmental Revenues:				
State of Tennessee income tax	45,000	61,000	60,874	(126)
State of Tennessee beer tax	20,000	20,000	19,862	(138)
State of Tennessee sales tax	2,200,000	2,534,000	2,534,435	435
State mixed drink tax	159,000	159,000	173,260	14,260
Maintenance of state roads	81,600	81,600	81,716	116
Federal and state grants	-	199,000	207,457	8,457
Other state and county shared taxes	138,630	274,630	241,384	(33,246)
Total Intergovernmental Revenues	2,644,230	3,329,230	3,318,988	(10,242)
Fines and forfeits	1,477,000	1,587,000	1,587,118	118
Uses of Property and Money:				
Penalties	50,500	50,500	42,684	(7,816)
Interest earned	451,890	451,890	331,699	(120,191)
Rent	84,900	108,900	109,058	158
Traffic school fees	100,000	118,000	118,580	580
Administrative support charges	1,446,681	1,446,681	1,446,681	-
Cemetery revenue	70,000	73,000	73,600	600
Recreation fees and community center fees	1,509,000	1,509,000	1,395,252	(113,748)
Food sales	190,000	190,000	183,142	(6,858)
Total Uses of Property and Money	3,902,971	3,947,971	3,700,696	(247,275)
Other	191,150	392,150	358,819	(33,331)
Total Revenues	28,953,401	30,889,401	30,810,132	(79,269)
Expenditures:				
General Government:				
Current:				
Legislative Board:				
Salaries	36,000	36,000	36,000	-
Benefits and payroll taxes	43,870	49,370	50,650	(1,280)
Insurance	25,381	25,381	25,381	-
Other	2,500	2,500	1,167	1,333
Total Legislative Board	107,751	113,251	113,198	53

Continued on next page

TOWN OF SMYRNA, TENNESSEE
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (GAAP Basis) and Actual, Continued
General Fund
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Expenditures, Continued:				
General Government, Continued:				
Current, Continued:				
City and General Sessions Court:				
Salaries	\$773,090	773,090	751,941	21,149
Benefits and payroll taxes	248,590	248,590	284,120	(35,530)
Contractual services	80,005	80,005	56,883	23,122
Other	43,876	43,876	27,641	16,235
Total City and General Sessions Court	1,145,561	1,145,561	1,120,585	24,976
Vehicle Maintenance:				
Salaries	205,680	205,680	186,755	18,925
Benefits and payroll taxes	89,690	89,690	80,649	9,041
Contractual services	4,400	4,400	22,230	(17,830)
Other	52,071	52,071	58,131	(6,060)
Total City Garage	351,841	351,841	347,765	4,076
Codes, Engineering and Planning:				
Salaries	756,290	756,290	735,575	20,715
Benefits and payroll taxes	276,460	294,460	304,816	(10,356)
Board expenditures	600	600	225	375
Insurance	8,526	8,526	8,526	-
Telephone and utilities	3,025	3,025	3,246	(221)
Supplies	21,850	21,850	18,075	3,775
Repairs and maintenance	1,000	1,000	973	27
Professional services	35,500	35,500	36,457	(957)
Other	14,300	14,300	27,006	(12,706)
Total Codes, Engineering and Planning	1,117,551	1,135,551	1,134,899	652
Building and Grounds:				
Salaries	463,400	463,400	415,294	48,106
Benefits and payroll taxes	245,970	245,970	251,365	(5,395)
Repairs and maintenance	51,400	51,400	48,381	3,019
Supplies	29,920	29,920	37,632	(7,712)
Insurance	10,310	10,310	10,310	-
Cemetery	17,604	17,604	15,176	2,428
Other	1,050	1,050	839	211
Total Building Maintenance	819,654	819,654	778,997	40,657
Finance and Administration:				
Salaries	1,695,850	1,695,850	1,650,044	45,806
Benefits and payroll taxes	631,979	631,979	632,657	(678)
Memberships and testing	41,500	41,500	30,028	11,472
Telephone and utilities	157,880	157,880	177,532	(19,652)
Professional services	112,000	312,000	287,914	24,086
Flood damage	-	1,150,000	1,112,435	37,565
Repairs and maintenance	3,050	3,050	4,395	(1,345)
Supplies	60,375	60,375	49,894	10,481
Insurance	20,751	20,751	20,301	450
Outside services	343,795	343,795	343,552	243
Other	78,675	78,675	66,452	12,223
Total Finance and Administration	3,145,855	4,495,855	4,375,204	120,651
Total Current	6,688,213	8,061,713	7,870,648	191,065
Capital Outlay	-	-	-	-
Total General Government	6,688,213	8,061,713	7,870,648	191,065

Continued on next page

TOWN OF SMYRNA, TENNESSEE

**Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (GAAP Basis) and Actual, Continued**

General Fund

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures, Continued:				
Public Safety:				
Police Department:				
Current:				
Salaries	\$5,320,280	5,695,280	5,681,708	13,572
Benefits and payroll taxes	2,191,620	2,441,620	2,438,428	3,192
Outside services	95,530	95,530	88,948	6,582
Memberships and testing	10,844	10,844	9,060	1,784
Telephone	48,290	48,290	32,983	15,307
Repairs and maintenance	53,399	53,399	73,704	(20,305)
Travel	1,000	1,000	6,302	(5,302)
Supplies	327,484	327,484	341,150	(13,666)
Insurance	109,193	109,193	109,193	-
Other	29,850	29,850	3,312	26,538
Total Current	<u>8,187,490</u>	<u>8,812,490</u>	<u>8,784,788</u>	<u>27,702</u>
Capital Outlay	-	-	-	-
Total Police Department	<u>8,187,490</u>	<u>8,812,490</u>	<u>8,784,788</u>	<u>27,702</u>
Fire Department:				
Current:				
Salaries	5,250,480	5,280,480	5,279,553	927
Benefits and payroll taxes	2,066,530	2,281,530	2,278,436	3,094
Memberships and testing	2,485	2,485	2,778	(293)
Telephone and utilities	130,559	130,559	112,929	17,630
Repairs and maintenance	122,195	122,195	126,563	(4,368)
Supplies	212,388	212,388	176,570	35,818
Insurance	48,940	48,940	48,940	-
Outside services	110,628	110,628	84,224	26,404
Other	23,660	23,660	4,061	19,599
Total Current	<u>7,967,865</u>	<u>8,212,865</u>	<u>8,114,054</u>	<u>98,811</u>
Capital Outlay	-	-	-	-
Total Fire Department	<u>7,967,865</u>	<u>8,212,865</u>	<u>8,114,054</u>	<u>98,811</u>
Total Public Safety	<u>16,155,355</u>	<u>17,025,355</u>	<u>16,898,842</u>	<u>126,513</u>
Highways and Streets:				
Current:				
Salaries	403,040	403,040	391,794	11,246
Benefits and payroll taxes	217,600	217,600	245,677	(28,077)
Telephone and utilities	7,000	7,000	4,441	2,559
Repairs and maintenance	107,300	107,300	92,173	15,127
Supplies	66,875	66,875	71,861	(4,986)
Insurance	15,596	15,596	15,596	-
Outside services	19,700	19,700	26,608	(6,908)
Other	21,180	21,180	9,980	11,200
Total Current	<u>858,291</u>	<u>858,291</u>	<u>858,130</u>	<u>161</u>
Capital Outlay	-	-	-	-
Total Highways and Streets	<u>858,291</u>	<u>858,291</u>	<u>858,130</u>	<u>161</u>

Continued on next page

TOWN OF SMYRNA, TENNESSEE
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (GAAP Basis) and Actual, Continued
General Fund
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Expenditures, Continued:				
Recreation:				
Current:				
Salaries	\$1,817,500	1,817,500	1,732,765	84,735
Benefits and payroll taxes	693,342	693,342	763,526	(70,184)
Memberships and testing	10,664	10,664	9,731	933
Telephone and utilities	331,750	331,750	299,841	31,909
Repairs and maintenance	174,920	174,920	198,701	(23,781)
Outside services	203,568	203,568	190,768	12,800
Food purchase	121,800	121,800	119,464	2,336
Recreation programs	26,657	26,657	31,897	(5,240)
Advertising and promotion	1,750	1,750	2,055	(305)
Supplies	198,788	198,788	197,216	1,572
Insurance	35,735	35,735	35,735	-
Rent	203,394	203,394	203,586	(192)
Other	19,000	19,000	20,593	(1,593)
Total Current	3,838,868	3,838,868	3,805,878	32,990
Capital Outlay	-	-	-	-
Total Recreation	3,838,868	3,838,868	3,805,878	32,990
Community Development:				
Current:				
Salaries	347,420	347,420	335,554	11,866
Benefits and payroll taxes	147,880	156,880	155,938	942
Telephone and utilities	73,500	73,500	75,406	(1,906)
Repairs and maintenance	12,000	12,000	12,250	(250)
Outside services	7,620	7,620	9,739	(2,119)
Advertising and promotion	1,000	1,000	260	740
Food purchase	157,000	189,000	188,952	48
Supplies	35,000	35,000	37,671	(2,671)
Insurance	1,731	1,731	1,731	-
Contributions to non-profits	433,045	433,045	433,045	-
Other	5,910	5,910	4,952	958
Total Current	1,222,106	1,263,106	1,255,498	7,608
Capital Outlay	-	-	-	-
Total Community Development	1,222,106	1,263,106	1,255,498	7,608
Total Expenditures	28,762,833	31,047,333	30,688,996	358,337
Excess Revenues Over Expenditures	190,568	(157,932)	121,136	279,068
Other Financing Sources (Uses):				
Insurance proceeds	20,000	145,000	153,986	8,986
Transfer to Capital Projects Fund	-	(411,943)	(410,590)	1,353
Transfer to Debt Service Fund	-	(2,111,196)	(2,104,843)	6,353
Transfer from Stormwater Fund	93,471	93,471	93,471	-
Transfer from Gas Fund	183,917	183,917	183,917	-
Transfer from Water and Sewer Fund	455,942	455,942	455,942	-
Total Other Financing Sources (Uses)	753,330	(1,644,809)	(1,628,117)	16,692
Net change in fund balance	943,898	(1,802,741)	(1,506,981)	295,760
Fund Balance, beginning of year, as restated	15,186,337	15,186,337	15,186,337	-
Fund Balance, end of year	\$16,130,235	13,383,596	13,679,356	295,760

See accompanying notes to financial statements.

TOWN OF SMYRNA, TENNESSEE

Statement of Net Assets

Proprietary Funds

June 30, 2011

	Business-type Activities - Enterprise Funds			Internal Service Fund
	Water and Sewer Fund	Natural Gas Fund	Total	
<u>Assets</u>				
Current Assets:				
Cash and cash equivalents	\$594,112	9,868,817	10,462,929	1,099,455
Receivables:				
Utility customers, net of allowance for estimated uncollectible	2,908,554	1,789,594	4,698,148	308,611
Grant receivable	2,866	-	2,866	-
Revolving loan funds	898,735	-	898,735	-
Loan forgiveness funds receivable	464,834	-	464,834	-
Note receivable, current portion	26,149	-	26,149	-
Total Accounts Receivable	4,301,138	1,789,594	6,090,732	308,611
Due from other funds	-	-	-	-
Inventory, at cost	436,627	165,595	602,222	15,312
Total Current Assets	5,331,877	11,824,006	17,155,883	1,423,378
Noncurrent Assets:				
Restricted Assets:				
Cash - bond proceeds	14,291,936	-	14,291,936	-
Cash - customer deposits and construction bonds	77,394	709,348	786,742	-
Special assessments and other receivable	2,450	-	2,450	-
Total Noncurrent Restricted Assets	14,371,780	709,348	15,081,128	-
Property, Plant and Equipment	180,753,973	23,898,317	204,652,290	-
Less accumulated depreciation	(52,622,649)	(12,274,257)	(64,896,906)	-
Total Property, Plant and Equipment, Net	128,131,324	11,624,060	139,755,384	-
Other Assets:				
Note receivable, net of current portion	429,900	-	429,900	-
Bond issuance cost-net of amortization	682,605	-	682,605	-
Total Other Assets	1,112,505	-	1,112,505	-
Total Noncurrent Assets	143,615,609	12,333,408	155,949,017	-
Total Assets	\$148,947,486	24,157,414	173,104,900	1,423,378
<u>Liabilities</u>				
Liabilities:				
Current Liabilities (payable from current assets):				
Accounts payable	\$734,201	467,747	1,201,948	-
Accrued expenses	483,131	209,921	693,052	-
Contracts payable	-	-	-	1,078,520
Interest payable	256,364	-	256,364	-
Deferred/unearned revenue	2,032,646	-	2,032,646	-
Due to other funds	1,100,000	-	1,100,000	-
Current maturities of long-term debt	3,365,161	-	3,365,161	-
Total Current Liabilities (payable from current assets)	7,971,503	677,668	8,649,171	1,078,520
Current Liabilities (payable from restricted assets):				
Construction bonds	43,149	-	43,149	-
Contracts payable	2,347,272	-	2,347,272	-
Customer deposits and project assistance	34,245	709,348	743,593	-
Total Current Liabilities (payable from restricted assets)	2,424,666	709,348	3,134,014	-
Total Current Liabilities	10,396,169	1,387,016	11,783,185	1,078,520
Noncurrent Liabilities:				
Long-term debt, net of current maturities	53,820,991	-	53,820,991	-
Total Liabilities	64,217,160	1,387,016	65,604,176	1,078,520
<u>Net Assets</u>				
Invested in capital assets, net of related debt	82,889,836	11,624,060	94,513,896	-
Unrestricted	1,840,490	11,146,338	12,986,828	344,858
Total Net Assets	\$84,730,326	22,770,398	107,500,724	344,858
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	714,408	(145,669)	568,740	
Net assets of business-type activities	\$85,444,734	22,624,729	108,069,464	

See accompanying notes to financial statements.

TOWN OF SMYRNA, TENNESSEE

**Statement of Revenues, Expenses and
Changes in Net Assets**

Proprietary Funds

For the Year Ended June 30, 2011

	Business-type Activities - Enterprise Funds			Internal Service Fund
	Water and Sewer Fund	Natural Gas Fund	Total	
Operating Revenues:				
Services	\$12,885,165	12,319,433	25,204,598	8,488,758
Other	26,963	5,321	32,284	-
Forfeited discounts	177,092	88,926	266,018	-
Total Operating Revenues	<u>13,089,220</u>	<u>12,413,680</u>	<u>25,502,900</u>	<u>8,488,758</u>
Operating Expenses:				
Gas/ water purchases	25,657	10,427,536	10,453,193	-
Salaries	2,659,131	907,563	3,566,694	-
Benefits and payroll taxes	1,424,854	435,309	1,860,163	7,509,409
Travel	-	5,502	5,502	-
Outside services	691,178	64,071	755,249	-
Telephone and utilities	1,566,515	29,632	1,596,147	-
Maintenance and repair	599,351	74,094	673,445	-
Operating supplies	992,886	111,218	1,104,104	-
Insurance / claims	135,685	78,134	213,819	1,048,240
Professional services	21,622	7,381	29,003	-
Depreciation and amortization	3,798,615	922,289	4,720,904	-
Administrative support services	937,195	509,486	1,446,681	-
Other	50,066	78,172	128,238	-
Total Operating Expenses	<u>12,902,755</u>	<u>13,650,387</u>	<u>26,553,142</u>	<u>8,557,649</u>
Operating Income (loss)	<u>186,465</u>	<u>(1,236,707)</u>	<u>(1,050,242)</u>	<u>(68,891)</u>
Non-Operating Revenues (Expenses):				
Interest income	36,178	185,122	221,300	18,993
Gain (loss) on sale of capital assets	-	1,583	1,583	-
Interest expenses	(527,969)	-	(527,969)	-
Total Non-Operating Revenues (Expenses)	<u>(491,791)</u>	<u>186,705</u>	<u>(305,086)</u>	<u>18,993</u>
Net Income (loss) Before Contributions and Transfers	<u>(305,326)</u>	<u>(1,050,002)</u>	<u>(1,355,328)</u>	<u>(49,898)</u>
Contributions:				
Capital contributions - tap fees	331,085	26,777	357,862	-
ARRA loan forgiveness	1,526,971	-	1,526,971	-
Contributions from developers - non cash	206,250	-	206,250	-
Transfers out	<u>(455,942)</u>	<u>(183,917)</u>	<u>(639,859)</u>	<u>-</u>
Change in Net Assets	1,303,038	(1,207,142)	95,896	(49,898)
Net Assets, Beginning of Year,	<u>83,427,288</u>	<u>23,977,540</u>	<u>107,404,828</u>	<u>394,756</u>
Net Assets, End of Year	<u><u>\$84,730,326</u></u>	<u><u>22,770,398</u></u>	<u><u>107,500,724</u></u>	<u><u>344,858</u></u>
Change in Net Assets shown above	1,303,038	(1,207,142)	95,896	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<u>121,187</u>	<u>(12,117)</u>	<u>109,071</u>	
Change in net assets of business-type activities	<u><u>\$1,424,225</u></u>	<u><u>(1,219,259)</u></u>	<u><u>204,967</u></u>	

See accompanying notes to financial statements.

TOWN OF SMYRNA, TENNESSEE

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2011

	Business-type Activities - Enterprise Funds			Internal Service Fund
	Water and Sewer Fund	Natural Gas Fund	Total	
Cash Flows from Operating Activities:				
Cash received from customers	\$12,908,192	12,161,822	25,070,014	-
Cash paid to employees for services	(2,636,354)	(897,539)	(3,533,893)	-
Cash paid to suppliers for goods and services	(5,414,031)	(11,269,396)	(16,683,427)	-
Payments for interfund administrative support services	(937,195)	(509,486)	(1,446,681)	-
Cash received (paid) on interfund payable and receivable	546,751	411,694	958,445	-
Cash received (paid) on customer deposits	(3,125)	41,609	38,484	-
Premiums received	-	-	-	8,328,514
Claims and administrative expenses paid	-	-	-	(8,336,634)
Net Cash Provided (Used) by Operating Activities	<u>4,464,238</u>	<u>(61,296)</u>	<u>4,402,942</u>	<u>(8,120)</u>
Cash Flows from Capital and Related Financing Activities:				
Purchase of property, plant, and equipment	(22,966,801)	(604,031)	(23,570,832)	-
Cash received from capital contributions	333,535	26,777	360,312	-
Cash received on note receivable	24,629	-	24,629	-
Cash received (paid) on construction bonds	(58,058)	-	(58,058)	-
Cash received from capital grants and loan proceeds forgiven	1,793,744	-	1,793,744	-
Interest paid on debt	(1,223,777)	-	(1,223,777)	-
Proceeds from sale of bonds	18,000,000	-	18,000,000	-
Bond premium proceeds	585,852	-	585,852	-
Bond issuance costs	(202,000)	-	(202,000)	-
Proceeds from revolving loan	2,690,612	-	2,690,612	-
Proceeds from sale of capital assets	-	1,583	1,583	-
Payments on long-term debt	(2,938,287)	-	(2,938,287)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(3,960,551)</u>	<u>(575,671)</u>	<u>(4,536,222)</u>	<u>-</u>
Cash Flows from Non-Capital Financing Activities:				
Transfers	(455,942)	(183,917)	(639,859)	-
Operating grant and insurance proceeds	227,994	8,257	236,251	-
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(227,948)</u>	<u>(175,660)</u>	<u>(403,608)</u>	<u>-</u>
Cash Flows from Investing Activities:				
Interest received on investments	185,868	185,122	370,990	18,993
Net Cash Provided (Used) by Investing Activities	<u>185,868</u>	<u>185,122</u>	<u>370,990</u>	<u>18,993</u>
Net Increase (Decrease) in Cash	461,607	(627,505)	(165,898)	10,873
Cash and Cash Equivalents and Restricted Cash, Beginning of Year	<u>14,501,835</u>	<u>11,205,670</u>	<u>25,707,505</u>	<u>1,088,582</u>
Cash and Cash Equivalents and Restricted Cash, End of Year	<u><u>\$14,963,442</u></u>	<u><u>10,578,165</u></u>	<u><u>25,541,607</u></u>	<u><u>1,099,455</u></u>

Continued on next page

TOWN OF SMYRNA, TENNESSEE

Statement of Cash Flows

Proprietary Funds, Continued

For the Year Ended June 30, 2011

	<u>Business-type Activities - Enterprise Funds</u>			<u>Internal Service Fund</u>
	<u>Water and Sewer Fund</u>	<u>Natural Gas Fund</u>	<u>Total</u>	
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operations</u>				
Operating income (loss)	\$186,465	(1,236,707)	(1,050,242)	(68,891)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	3,798,615	922,289	4,720,904	-
(Increase) decrease in:				
Accounts receivable	(977,169)	(251,858)	(1,229,027)	(160,244)
Inventory	(29,324)	114,168	84,844	4,626
Due from other funds	-	415,372	415,372	-
Increase (Decrease) in:				
Accounts payable	79,558	(76,955)	2,603	216,389
Accrued expenses	66,326	14,464	80,790	-
Deferred revenue	796,141	-	796,141	-
Due from other funds	546,751	(3,678)	543,073	-
Customer deposits	(3,125)	41,609	38,484	-
Net Cash Provided (used) for Operating Activities	<u>\$4,464,238</u>	<u>(61,296)</u>	<u>4,402,942</u>	<u>(8,120)</u>

Supplemental Schedule of Non-Cash Capital Financing Activities

In fiscal 2011, the Town accepted \$206,250 in contributed water and sewer lines from developers.

In fiscal 2011, the Town acquired capital assets with contracts payable in the amount of \$960,787 and construction period interest in the amount of \$595,991 was capitalized.

See accompanying notes to financial statements.

TOWN OF SMYRNA, TENNESSEE

Statement of Fiduciary Net Assets

Pension Fund

June 30, 2011

Assets

Investments, at fair value:

Money market funds	\$102,791
Mutual funds	1,201,192
U S government securities	791,296
Corporate bonds	2,177,762
Due from town	270,800
Interest receivable	30,142

Total Assets

\$4,573,983

Liabilities

Liabilities

-

Net Assets

Held in Trust for Pension Benefits	<u>4,573,983</u>
Total Net Assets Held in Trust for Pension Benefits	<u>\$4,573,983</u>

See accompanying notes to financial statements

TOWN OF SMYRNA, TENNESSEE
Statement of Changes in Fiduciary Net Assets
Pension Fund
For the Year Ended June 30, 2011

<u>Additions</u>	
Contributions - employer	\$270,800
Investment earnings	
Interest, dividends and other investment income (loss)	302,311
Net increase (decrease) in fair value of investments	<u>223,751</u>
Net investment earnings (loss)	<u>526,062</u>
 Total additions	 <u>796,862</u>
<u>Deductions</u>	
Pension benefits	<u>116,644</u>
 Total deductions	 <u>116,644</u>
 Change in net assets	 680,218
 Net assets held in trust for pension benefits beginning of year	 <u>3,893,765</u>
 Net assets held in trust for pension benefits end of year	 <u><u>\$4,573,983</u></u>

See accompanying notes to financial statements

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements

June 30, 2011

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Entity

The Town provides the following services as authorized by its charter: public safety (police and fire departments), highways and streets, cultural and recreation, public improvements, planning and zoning, utilities (water, sewer and natural gas), and general administrative services. The Town also administers a pension plan and insurance internal service fund for the benefit of its employees.

The financial statements of the Town of Smyrna have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies are described below.

Reporting Entity

The accompanying financial statements present the government and its component units. Component units are entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the government's operations. Each discretely presented component unit is presented in a separate column in the government-wide financial statements to emphasize it is legally separate from the government. The following is a description of the discretely presented component unit.

The Industrial Development Board was created to finance, acquire, own, lease and or dispose of properties to increase employment opportunities, housing availability and to promote industry and trade in the Town. The Board is appointed by the Town Council. The Board has issued bonds to construct housing units which are leased to the Housing Authority. The bonds are revenue and tax bonds backed by the Town. The project was completed in fiscal year 2005 and rents began in fiscal 2006. Separate financial statements are not issued for the component unit. The component unit is a single fund component unit.

Related Organizations

The Town appoints the board of Smyrna Housing Authority; however, the Town's accountability does not extend beyond making the appointments, and the related organization has not been included as part of the reporting entity.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (i) charges to customers or applicants (including fines and fees) who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (ii) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2011

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period, except for property taxes which are collected within 60 days of year end. Sales taxes and other shared revenues through intermediary collecting governments are considered measurable and available if received within 30 days of year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Property taxes, franchise taxes, state shared revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period using the criteria specified in the paragraph above. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Capital Projects Fund is used to account for the financial resources to be used for the acquisition or construction of major government capital assets, improvements or repairs.

The Town reports the following major proprietary funds:

The Water & Sewer Fund accounts for the water and waste water services provided to customers of the system.

The Natural Gas Fund accounts for the provision of natural gas service to customers of the system.

Additionally, the Town reports the following fund types:

Internal service fund, to account for costs associated with the employees' health insurance plan as well as property and liability insurance for Town assets.

Pension trust fund to account for the activities of the pension plans maintained for employees of the Town, which accumulates resources for pension payments to qualified employees.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow private-sector guidance.

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2011

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation, (Continued)

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu taxes and other charges between the government's utilities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include (i) charges to customers or applicants (including fines and fees) for goods, services, or privileges provided, (ii) operating grants and contributions, and (iii) capital grants and contributions. General revenues include all taxes and internally dedicated resources.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the various utility funds and medical benefit fund are charges to customers for sales and services. Operating expenses for enterprise funds and the internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

Joint Venture

The Town appoints 2 of 5 members of the Smyrna/Rutherford County Airport Authority with the other members being appointed by the county and City of LaVergne. The Town has no equity interest in the joint venture; however, the Town is responsible to appropriate funds to supplement short-falls in operation. Required disclosures regarding this joint venture are included in Note 9.

Cash, Cash Equivalents and Investments

The Town of Smyrna is authorized to invest in U.S. Treasury Bills, mutual funds and certificates of deposit in local banks as well as participate in the Local Government Investment Pool administered by the State of Tennessee. The pool contains investments in certificates of deposits, U.S. Treasury securities and Repurchase Agreements, backed by the U.S. Treasury Securities. The investment pool is administered by the Treasurer of the State of Tennessee. Town policy dictates that collateral meet certain requirements, such as, be deposited in an institution which participates in the State Collateral Pool or be deposited in an escrow account in another institution for the benefit of the Town of Smyrna and must be a minimum of 105% of the value of the deposits placed in the institutions less the amount protected by federal deposit insurance. The state collateral pool is administered by the Treasurer of the State of Tennessee. Members of the pool may be required by agreement to pay an assessment to cover any deficiency.

An agent of the Town manages the investments of the Pension Fund and is authorized to make such purchases as is deemed in the best interest of the Town. All investments are stated at fair value.

Cash and cash equivalents consist of cash, savings accounts and short-term certificates of deposit with an original maturity of three months or less. Due to liquidity, the Town considers the funds deposited in the local government investment pool as a cash equivalent for financial statement and cash flow purposes. The fair value of the position in the investment pool is the same as the value of the pool shares.

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2011

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory and Prepaid Items

Inventory of proprietary funds, principally materials, supplies and replacement parts, is valued using the first-in, first-out method (FIFO). Any inventories of governmental funds have been valued at cost also using the first-in, first-out method (FIFO). Inventory of governmental funds are accounted for on the consumption basis. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds."

All trade receivables and property tax receivables, are shown net of an allowance for uncollectibles. The property tax receivable allowance is equal to 8.7 percent of outstanding undeferred receivable.

Capital Assets

Capital assets, which include property, permanent water rights, plant, equipment, and infrastructure assets consisting of certain improvements other than buildings, including roads, bridges, streets and sidewalks, and drainage systems are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$4,000 and an estimated useful life in excess of three years. Infrastructure capital assets are defined as assets with an individual cost of more than \$50,000 and an estimated life in excess of three years. All capital assets are valued at historical cost or estimated historical cost, if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the year, the Town capitalized \$595,991 in construction period interest.

Depreciation has been provided over estimated useful lives using the straight-line method.

The estimated useful lives are as follows:

Infrastructure (roads, bridges)	15-40 years
Buildings	25-50 years
Distribution systems	10-50 years
Equipment	3-10 years
Furniture and fixtures	3-10 years

Other Assets

Other assets in the government wide financial statements include debt issue costs.

Claims Payable

Medical, workers compensation, property and liability insurance claims payable are classified as accounts payable and are recorded in accordance with GASB Statement Number 10.

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2011

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Appropriations

Appropriations to other funds are accounted for as inter-fund transfers in the governmental fund statements, and are eliminated in the government-wide statements. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as revenues in the fund being reimbursed and expenses in the fund reimbursing.

Compensated Absences

The Town adopted a paid time off (PTO) policy on 10/12/2004 for its regular full-time employees. All full-time employees accrue from 144 to 224 hours of PTO per year, based on years of service, to a maximum of 480 hours. Upon implementation of this policy, excess existing vacation and sick time over 360 hours was moved to a separate sick leave bank to be used by the employee for any approved Family and Medical Leave Act event. No amount of this sick leave bank shall be paid upon employee termination and all sick leave credit is lost except in the case of retirement for participants in the Town of Smyrna Pension Plan, at which time every twenty workdays of accrued sick leave credit counts as one month time in service towards retirement. All PTO pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee terminations or retirements. Governmental compensated absences are typically liquidated by the General and Stormwater Funds.

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

Bond and note premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable loss on refundings. Bond issue costs are reported net of amortization in other assets and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balance

During 2011, the Town implemented Governmental Accounting Standard Board (GASB) Statement 54 for its governmental funds. As a result, fund balance is reported in the fund financial statements under the following categories. **Nonspendable fund balance** represents amounts that are required to be maintained intact, such as inventories and prepaid items and non-current portion of notes receivable. **Restricted fund balance** is that portion of fund balance that can be spent only for the specific purposes stipulated by external resource or through enabling legislation. **Committed fund balance** includes amounts constrained to specific purposes as determined by formal action of the Town using its highest level of decision-making authority, an ordinance by the Town Council. Conversely, to rescind or modify a fund balance commitment, action by the Town Council is also required. **Assigned fund balance** amounts are intended to be used by the Town for specific purposes but do not meet the criteria to be restricted or committed. Intent may be stipulated by the Council, or Town official designated by the Council. Appropriations of fund balance to eliminate projected budgetary deficits in the subsequent year's budget are presented as assignments of fund balance. **Unassigned fund balance** is the residual classification of the General Fund.

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2011

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The statement also clarifies the definition of existing governmental fund types. Due to this clarification, the Town's Golf Course Fund previously reported as a nonmajor special revenue fund, is now reported as part of the General Fund. The affect on the beginning fund balance is as follows:

	General Fund	Other Governmental Funds
Fund Balance, June 30, 2010	\$15,156,944	4,430,969
Effect of new pronouncement	29,393	(29,393)
	<u>\$15,186,337</u>	<u>4,401,576</u>

It is the Town's policy to first use the restricted fund balance when an expenditure is incurred for purposes for which both restricted and unrestricted funds are available. The Town's policy for the use of unrestricted fund balance amounts require that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. In the initial GASB 54 Implementation year, beginning fund balances for all special revenue, debt service and capital projects funds will be classified as restricted and the beginning fund balance of the General Fund will be classified as unassigned.

By action of the Council, the Town has set a policy to maintain General Fund unassigned reserves equal to a minimum of 30% of General Fund operating revenue which equates to \$9,243, 040. The policy may be modified by majority vote of the Council and the reserve is included in unassigned fund balance.

Property Tax

The Town's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and personal property located in the Town's legal boundaries. All Town taxes on real estate are declared to be a lien on such realty from January 1 of the year assessments are made. Since the taxes are not available until the next fiscal year, these taxes are deferred. Assessed values are established by the State of Tennessee at the following rates of assessed market value:

Industrial and Commercial Property		Public Utility Property	55%
- Real	40%	Farm and Residential Property	25%
- Personal	30%		

Taxes were levied at a rate of \$.7598 and \$.86 per \$100 of assessed valuation for tax years 2011 and 2010 respectively. Payments may be made during the period from October 1 through February 28. Current tax collections of \$7,341,727 for the fiscal year ended June 30, 2011 were approximately 96 percent of the tax levy. Delinquent taxes past due for fourteen months are turned over to the county clerk for collection.

The government-wide financial statements report taxes receivable of \$10,749,903 which is net of an allowance for doubtful collections of \$48,035. Of this receivable amount, \$554,766 represents prior year property taxes, \$7,701,822 represents the estimated net realizable 2011 property taxes and \$2,411,719 represents estimated net realizable 2011 in lieu of tax. These amounts are included in deferred revenue since they are not available until the next fiscal year. The receivable reported in the governmental funds balance sheet is \$10,797,938 with an offsetting deferred revenue for amounts not available at June 30, 2011. The additional amount included in taxes receivable reported in the statements of \$129,631 is for beer and motel taxes.

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Town's deposits may not be returned or the Town will not be able to recover collateral securities in the possession of an outside party. The Town's policy requires deposits to be 105 percent secured by collateral, less the amount of Federal Deposit Insurance Corporation insurance (FDIC) or deposited in an institution which participates in the State Collateral Pool. Deposited funds may be invested in certificates of deposit in institutions with an established record of fiscal health and service. Collateral agreements must be approved prior to deposit of funds as provided by law. The Town approves and designates a list of authorized depository institutions based on evaluation of solicited responses and certifications provided by financial institutions and recommendations of Town staff.

At June 30, 2011 there were no amounts exposed to custodial credit risk.

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2011

2) DEPOSITS AND INVESTMENTS (Continued)

Investments

At June 30, 2011, the Town's reporting entity had the following investments:

Types of Investments:	<u>Fair Value/ Carrying Amount</u>	<u>Weighted Average Days to Maturity</u>	<u>Average Credit Quality/ Ratings</u>
Primary Government:			
Local Government			
Investment Pool	\$ 69,244	N/A	N/A
Liquid investments			
(Cash equivalents)	\$ <u>(69,244)</u>		
	<u>-</u>		
Fiduciary Fund-Pension Fund:			
Government Securities:			
Federal Home Loan Bank	\$ 309,215	2,581	AAA
Federal Farm Credit Bank	482,081	2,644	AAA
Corporate Obligation	2,177,762	1,332	BBB- to AA
Money Market Fund	102,791	N/A	N/A
Mutual Funds Equity	<u>1,201,192</u>	N/A	N/A
	<u>\$ 4,273,041</u>		

Interest Rate Risk:

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk:

The Town's general investment policy is to apply the prudent-person rule: investments are made as a prudent person should be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital and in general, avoid speculative investments.

Concentration of Credit Risk:

The Town policy is to limit investments in the pension plan to a maximum of 40% equity classified investments. As of June 30, 2011, the Town had two investments in an organization that represents 5 percent or more of total investments.

Federal Home Loan Bank	\$309,215
Federal Farm Credit Bank	482,081

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2011

3) CAPITAL ASSETS

Governmental Activities

Capital assets activity for the year ended June 30, 2011 was as follows:

	Balance July 1, 2010	Increases	Reclasses & Decreases	Balance June 30, 2011
<u>Capital assets not being depreciated:</u>				
Land	\$ 5,554,972	2,832	-	5,557,804
Construction in progress	2,372,353	191,709	-	2,564,062
<u>Capital assets being depreciated:</u>				
Buildings	22,642,229	113,280	-	22,755,509
Improvements other than buildings	15,247,898	263,189	-	15,511,087
Equipment	16,338,243	344,570	159,422	16,523,391
Infrastructure	<u>98,247,568</u>	<u>1,029,865</u>	<u>-</u>	<u>99,277,433</u>
Total	<u>160,403,263</u>	<u>1,945,445</u>	<u>159,422</u>	<u>162,189,286</u>
<u>Accumulated Depreciation</u>				
Buildings	\$ 11,154,517	648,732	-	11,803,249
Improvements	5,345,140	552,861	-	5,898,001
Equipment	10,833,103	1,023,271	125,399	11,730,975
Infrastructure	<u>31,866,559</u>	<u>2,975,911</u>	<u>-</u>	<u>34,842,470</u>
Total accumulated depreciation	<u>59,199,319</u>	<u>5,200,775</u>	<u>125,399</u>	<u>64,274,695</u>
Governmental activities capital assets-net	\$ <u>101,203,944</u>			<u>97,914,591</u>

Depreciation expense, including depreciation on assets acquired through capital leases, was charged to functions/programs of the primary government as follows:

General Government	\$ 405,952
Public Safety:	
Police	354,872
Fire	372,921
Highways and streets	3,157,038
Stormwater	15,237
Recreation	768,401
Community development	<u>126,354</u>
Total	\$ <u>5,200,775</u>

Current year additions include improvements donated from developers of \$983,864.

Business-Type Activities:

Capital assets of the Enterprise Funds consisted of the following at June 30, 2011:

	Balance July 1, 2010	Reclasses & Increases	Balance Decreases	Water and June 30, 2011	Sewer Fund	Component Gas Fund	Unit
<u>Capital assets not being depreciated</u>							
Land and land rights	\$ 1,667,715	14,188	-	1,681,903	1,471,294	210,609	-
Water rights	2,350,000	-	-	2,350,000	2,350,000	-	-
Construction in progress	8,082,174	23,905,243	(529,515)	31,457,902	31,272,116	185,786	-
<u>Capital assets being depreciated</u>							
Utility plant and buildings	159,477,748	1,401,525	529,515	161,408,788	141,351,579	20,057,209	3,855,320
Machinery and equipment	7,740,793	12,904	-	7,753,697	4,308,984	3,444,713	-
<u>Less accumulated depreciation</u>							
Utility plant and buildings	(53,905,284)	(4,143,042)	-	(58,048,326)	(48,795,927)	(9,252,399)	(846,039)
Machinery and equipment	(6,318,806)	(529,774)	-	(6,848,580)	(3,826,722)	(3,021,858)	-
Total	<u>119,094,340</u>	<u>20,661,044</u>	<u>-</u>	<u>139,755,384</u>	<u>128,131,324</u>	<u>11,624,060</u>	<u>3,009,281</u>
Current year depreciation					<u>3,750,527</u>	<u>922,289</u>	<u>128,511</u>

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2011

4) RECEIVABLES AND DEFERRED REVENUE

A summary of receivables at June 30, 2011 is as follows:

	<u>Enterprise Funds</u>						
	General Fund	Capital Projects Fund	Water and Sewer Fund	Natural Gas Fund	Nonmajor Funds	Internal Service Fund	Total
Property taxes	\$ 8,256,588	-	-	-	-	-	8,256,588
Other taxes & in lieu taxes	2,541,350	-	-	-	-	-	2,541,350
Grants receivable	307,281	25,000	2,866	-	-	-	335,147
Customer	300,243	-	3,015,052	1,885,442	233,371	308,611	5,742,719
Other governments	2,348,864	-	1,363,569	-	184,538	-	3,896,971
Less allowance	(48,035)	-	(106,498)	(95,848)	(10,650)	-	(261,031)
	<u>\$ 13,706,291</u>	<u>25,000</u>	<u>4,274,989</u>	<u>1,789,594</u>	<u>407,259</u>	<u>308,611</u>	<u>20,511,744</u>

The financial statements also include two notes receivable. The Capital Projects Fund includes a note receivable from the Housing Authority in the amount of \$179,977. The note accrues interest at 4.5% and is repayable in monthly installments of \$1,452 through June 2025. The non-current portion of the note is included in nonspendable fund balance in the governmental funds financial statements. The Enterprise Fund includes a note receivable from the Airport Authority, a joint venture of the Town, in the amount of \$456,049, related to a construction project. The note is repayable in monthly installments of \$4,400 including interest at 6% over seventeen years.

Deferred and unearned revenue in the governmental activities consists of amounts that are either unearned or unavailable to liquidate liabilities of the current period. At June 30, 2011 the components of deferred revenue were as follows:

	<u>Government-wide Statements</u>	<u>Fund Statements</u>
Unlevied property taxes (unavailable)	\$ 7,701,822	7,701,822
Delinquent property taxes (unavailable)	-	486,541
Unlevied in lieu of taxes (unavailable)	2,411,719	2,411,719
State and county shared taxes (unavailable)	30,437	1,337,684
Other (unearned)	41,868	41,868
	<u>\$ 10,185,846</u>	<u>11,979,634</u>

Unearned revenue in the business activities relates to unearned sewer billings.

5) RESTRICTED ASSETS

A summary of restricted assets at June 30, 2011 is as follows:

	<u>Enterprise Funds</u>			
	Capital Projects Fund	Water and Sewer Fund	Natural Gas Fund	Total
Cash	\$1,169,917	14,369,330	709,348	16,248,595
Special assessments and other receivable	-	2,450	-	2,450
Total	<u>\$ 1,169,917</u>	<u>14,371,780</u>	<u>709,348</u>	<u>16,251,045</u>

Cash is restricted for construction bonds, customer deposits and amounts for construction projects to be paid from bond proceeds. Special assessments receivable are restricted for sewer extensions.

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2011

6) LONG-TERM DEBT AND OTHER OBLIGATIONS PAYABLE

The government issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities for general government purposes. Service of this debt is paid from the General Fund and State Street Aid Fund (nonmajor fund) by transfer to the Debt Service Fund (nonmajor fund).

The government also issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. These bonds relate to the Water and Sewer Enterprise Fund. Should water and sewer revenues be insufficient to pay the debt service, the debt is payable from the taxing authority of the Town.

The following is a summary of changes in long-term liabilities for the year ended June 30, 2011:

	Balance <u>July 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2011</u>	Payable Within <u>One Year</u>
Governmental Activities:					
General obligation debt	\$23,153,677	226,000	1,603,047	21,776,630	1,658,899
Capital lease	-	31,086	-	31,086	6,892
Compensated absences	<u>1,814,486</u>	<u>1,675,201</u>	<u>1,644,026</u>	<u>1,845,661</u>	<u>1,648,000</u>
Total	24,968,163	<u>1,932,287</u>	<u>3,247,073</u>	23,653,377	<u>3,313,791</u>
Bond premium	<u>49,544</u>	<u>-</u>	<u>4,775</u>	<u>44,769</u>	
	<u>\$25,017,707</u>			<u>23,698,146</u>	
Business-type Activities:					
Revenue and tax bonds	\$37,167,323	18,000,000	2,938,287	52,229,036	3,225,434
State revolving loan	<u>1,229,597</u>	<u>4,018,903</u>	<u>1,526,968*</u>	<u>3,721,532</u>	<u>139,727</u>
	38,396,920	<u>22,018,903</u>	<u>4,465,255</u>	55,950,568	<u>3,365,161</u>
Bond premiums	<u>705,690</u>	<u>585,849</u>	<u>55,955</u>	<u>1,235,584</u>	
	<u>\$39,102,610</u>			<u>57,186,152</u>	

*Loan Forgiveness

Long-term debt payable at June 30, 2011 is comprised of the following:

Governmental Activities

1998 Issue Public Building Authority Loan (\$3,615,625) due in increasing annual installments through May 2013 at varying levels of interest based on weekly remarketing prices through the bond index. There is no cap on the interest rate.	\$ 869,851
2005 General Obligation Bonds (\$5,000,000) due in annual installments through April 2020 at interest rates from 3.65% to 4.25%.	4,200,000
2006 General Obligation Bonds (\$9,500,000) due in annual installments through June 2022 at interest rates from 3.65% to 3.875%.	8,900,000
2008 General Obligation Bonds (\$5,346,967) due in annual installments through June 2024 at interest rates from 3% to 3.9%.	4,806,112
2009 General Obligation Bonds (\$3,050,000) due in annual installments through June 2024 at interest rates from 2% to 3.75%.	2,850,000
Capital Outlay note due in annual installments of \$75,333 at an interest rate of 2.17%.	<u>150,667</u>
Total Governmental Activities	<u>\$21,776,630</u>

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2011

6) LONG-TERM DEBT AND OTHER OBLIGATIONS PAYABLE (Continued)

Revenue and Tax Bonds:

1998 Issue Public Building Authority Loan (\$8,594,375) due in increasing annual installments through May 2013 at varying levels of interest, based on weekly remarketing prices through the bond index. There is no cap on the interest rate.	\$ 2,070,149
2001 Water and Sewer Revenue and Tax Refunding Bonds (\$4,120,000) due in annual installments through August 2014 at varying rates of interest levels of interest.	210,000
2003A Water and Sewer Revenue and Refunding Bonds (\$4,750,000) due in annual installments through May 2018 at interest rates from 2% to 3.7%.	2,480,000
2008 General Obligation Bonds (\$4,638,032) due in annual installments through April 2024 at interest rates from 3.25% to 4.5%.	4,168,887
2009 Revenue and Tax Refunding Bonds (\$8,205,000) due in annual installments through June 2024 at interest rates from 3% to 3.9%.	7,330,000
2009 Water and Sewer Revenue and Tax Bonds (\$17,970,000) due in annual installments through June 2024 at interest rates from 2% to 4%.	17,970,000
2009 State Revolving Loan Program (\$5,790,000 with \$2,300,000 forgiven) due in 240 installments at an interest rate of 2.14%.	3,394,365
2010 State Revolving Loan Program (\$600,000 with \$120,000 forgiven) due in 240 installments at an interest rate of 1.94%.	327,167
2011 Water and Sewer Revenue and Tax Bonds (\$18,000,000) due in annual installments through June 2026 at interest rates from 2% to 4%.	<u>18,000,000</u>
Total Business-type Activities	\$ <u>55,950,568</u>

Component Unit

2003 Industrial Development Lease and Tax Bonds (\$4,100,000) due in annual installments through December 2034 at 1.9% to 4.1% interest rate.	\$ <u>3,785,000</u>
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The annual requirements to amortize all bonds and notes outstanding as of June 30, 2011 including interest payments are as follows:

<u>Year</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Interest</u>	<u>Primary Government Total</u>	<u>Component Unit</u>
2012	\$1,658,899	3,365,160	2,820,770	7,844,829	231,725
2013	1,714,959	3,513,961	2,582,962	7,811,882	229,625
2014	1,725,235	3,420,824	2,400,360	7,546,419	227,450
2015	1,773,267	3,501,339	2,243,331	7,517,937	225,200
2016	1,847,010	3,621,220	2,094,620	7,562,850	281,765
2017-2021	9,840,670	21,317,601	7,428,568	38,586,839	1,387,315
2022-2026	3,216,590	16,249,620	2,034,393	21,500,603	1,407,321
2027-2031	-	932,169	65,198	997,367	1,463,159
2032	-	28,674	302	28,976	279,643
Totals	<u>\$21,776,630</u>	<u>55,950,568</u>	<u>21,670,504</u>	<u>99,397,702</u>	<u>5,733,203</u>

During the current and prior year the Town received approval for \$6,350,000 State Revolving Loan funds. The funds are allocated as \$3,355,000 State Revolving Funds and \$2,875,000 American Recovery and Reinvestment Funds of which \$2,420,000 will be forgiven. As of June 30, 2011, \$6,068,231 of the funds had been drawn and of this amount \$2,346,699 is forgiven.

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2011

6) LONG-TERM DEBT AND OTHER OBLIGATIONS PAYABLE (Continued)

Refundings

The amount of defeased bonds outstanding from prior years' refundings is \$240,000.

Capital Lease

The Town entered into a lease for the purchase of certain recreation equipment. The lease requires repayment terms and has been accounted for as a financing transaction. The Town will have title to the assets by satisfying the minimum lease payments. The assets acquired through the capital lease are as follows:

	Governmental
	<u>Activities</u>
Fitness equipment	\$ 40,485
Less accumulated depreciation	<u>482</u>
	\$ <u>40,003</u>

The future minimum lease obligations and net present value of those payments are as follows:

2012	\$ 11,905
2013	11,349
2014	10,748
2015	<u>10,100</u>
Total payments	\$ 44,102
Less amount representing interest	<u>(13,016)</u>
Present value of leased improvements	\$ <u>31,086</u>

7) PENSION PLAN AND DEFERRED COMPENSATION PLAN

Effective October 24, 1970, the Town established The Town of Smyrna Pension Plan, a single employer defined benefit pension plan, to provide benefits for employees of the Town. The Plan is administered by the Town of Smyrna Pension Plan Trustees who serve at the pleasure of the Mayor and Town Council. The Plan does not issue a stand-alone financial report nor is it included in the report of another entity. The assets of the Plan are invested at a local bank in accordance with the terms of the trust agreement. Effective June 30, 1999 the Town began the Retirement Choice Program which allowed participants of The Town of Smyrna Pension Plan to transfer accrued benefits in the Plan to a new Retirement Savings Plan. Many employees elected to transfer benefits and participate in the new plan. Employees hired after July 1, 1999 are not eligible to participate in the pension plan.

Benefits

The Town of Smyrna Pension Trustees establish the benefits of the plan and have the authority to amend such benefits with approval of the Town Council. The normal participant retirement is the earlier of (1) the later of the 65th birthday or the fifth year of participation and (2) the later of the 55th birthday or 30 years of service. The plan provides benefits, 1/12th of which are payable monthly over 120 months guaranteed, and for life thereafter computed as 1.5% of annual earnings multiplied by years of benefit service at normal retirement. The Plan also provides for certain benefits at early retirement and death before retirement. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Significant Accounting Policies

The pension plan fund financial statements are prepared using the accrual basis of accounting. Employer and plan member contributions are recognized in the period that the contributions are due. Plan investments are reported at fair value, based on last reported sales price. Policies require accrual basis of accounting for contributions, benefits, and refunds. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2011

7) PENSION PLAN AND DEFERRED COMPENSATION PLAN (Continued)

Plan Membership Data

1.	Inactive Plan Participants:	
a.)	Retirees and Beneficiaries Currently Receiving Benefits	14
b.)	Terminated Employees Entitled to Deferred Benefits	<u>10</u>
c.)	Total	<u>24</u>
2.	Active Plan Participants:	
a.)	Vested (Fully and Partially)	34
b.)	Non-vested	<u>-</u>
c.)	Total	<u>34</u>

Contributions

The Town's funding policy as set by the Town of Smyrna Pension Trustees, is to contribute the amounts calculated under the actuarial cost method used to calculate the annual required contribution. The trustees serve at the pleasure of the Mayor and Town Council. Plan members are not required to contribute. The Town is required to contribute an amount necessary to finance the coverage of the employees through annual contributions at actuarially determined rates. Administrative costs are paid by the Town. Effective July 1, 1999, the cost method is the Projected Unit Credit Method with a 25 year level dollar amortization of the unfunded liability.

Schedule of funding progress:

Actuarial Valuation	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)-see Note 1	Unfunded AAL (UAAL)	Annual Funded Ratio	Annual Covered Payroll	UAAL as a % of Covered Payroll
Date	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
07/1/01	\$2,045,907	2,204,335	158,428	92.8%	1,504,164	10.53%
07/1/02	2,103,375	2,532,468	429,093	83.1%	1,567,639	27.39%
07/1/03	2,247,052	2,740,790	493,738	82.0%	1,577,756	31.29%
07/1/04	2,429,582	2,914,452	484,870	83.4%	1,476,370	32.84%
07/1/05	2,610,627	3,248,282	637,655	80.4%	1,460,894	43.65%
07/1/06	2,833,204	3,564,593	731,389	79.5%	1,526,635	47.9%
07/1/07	3,228,503	4,322,319	1,093,816	74.7%	1,666,728	65.63%
07/1/08	3,392,426	4,756,552	1,364,126	71.3%	1,686,800	80.87%
07/1/09	3,343,395	4,829,602	1,486,207	69.2%	1,744,532	85.19%
07/1/10	3,893,765	5,104,613	1,210,848	76.3%	1,779,776	68.03%

Notes:

- The actuarial cost method was changed to the Projected Unit Credit method effective July 1, 1999. This method calculates an Actuarial Accrued Liability (AAL). Prior to July 1, 1999, the plan used the Frozen Entry Age actuarial cost method, which does not independently calculate the (AAL). The amounts for AAL for years 1987-1998 are the unfunded Frozen AAL plus the Actuarial Value of Assets on the actuarial valuation date.
- The Town's funding policy is to contribute to the amounts calculated under the actuarial cost method used to calculate the annual required contribution. Effective July 1, 1999, the cost method is the Projected Unit Credit method with a 25-year level dollar amortization of the unfunded liability. Prior to July 1, 1999, the Town's contribution policy was to amortize the unfunded AAL over 25 years (level dollar basis) (closed basis).
- Actuarial assumptions have been modified periodically to reflect actual plan experience and expectations regarding future events. The most recent assumption revision was effective July 1, 2010 and changed the salary scale assumption. The most recent rate of investment return assumption was effective July 2005.
- The July 1, 2009 actuarial valuation data is displayed for information purposes only, since it was available at the time this report was prepared; however, this data is not necessary for the June 30, 2010 disclosure.
- The last plan amendment was effective July 1, 2002, and it had no impact on the liabilities of the plan.

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2011

7) PENSION PLAN AND DEFERRED COMPENSATION PLAN, (Continued)

Schedule of Employer Contributions

<u>Fiscal Year End</u>	<u>Required Contribution</u>	<u>Annual Percentage Contributed</u>
2003	158,715	100.00%
2004	165,000	100.00%
2005	158,012	100.00%
2006	181,599	100.00%
2007	194,816	100.00%
2008	262,931	100.00%
2009	303,353	100.00%
2010	293,237	100.00%
2011	270,800	100.00%

All actuarially determined required contributions for fiscal years beginning after June 15, 1996 have been paid to the pension trust. Therefore, the pension liability (asset) at transition is zero.

Summary of Actuarial Assumptions

(Sample Values per 1,000 Lives)

	<u>AGE</u>			
	<u>20</u>	<u>35</u>	<u>50</u>	<u>60</u>
<u>Mortality Rates</u>				
1983 Group Annuity Mortality Table				
Male	.38	.86	3.91	9.16
Female	.19	.48	1.65	4.24
<u>Withdrawal Rates</u>				
Estimated Experience (1 st Year Select)	171.00	164.70	138.50	109.70
Estimated Experience (2 nd Year Select)	70.40	68.70	61.50	53.00
Estimated Experience (Ultimate)	52.80	29.90	19.20	15.70

Disability Rates/Disabled Mortality/Recovery Rates
None Assumed.

Salary Scale

5% annual increase to age 85. Prior to July 1, 2005.
From July 1, 2005 to July 1, 2007, 4.5% annual increase to age 85.
From July 1, 2007 to July 1, 2009, 6% annual increase to age 85.
Effective July 1, 2009, 5% annual increase to age 85.
Beginning July 1, 2010, 4.5% annual increase to age 85

Rate of Retirement

Participants are assumed to retire: 20% at 55, 20% at 60, 30% at 62, and 30% at 65.

Rate of Investment Return

Prior to July 1, 2005, 8% per annum. 7.5% per annum effective July 1, 2005.

Actuarial Valuation Method

Projected Unit Credit, with amortization of unfunded supplemental liability over 25 years on a closed basis.
Prior to July 1, 1999, Frozen Entry Age, with funding of frozen supplemental liability over 25 years.

Asset Valuation Method

Market Value.
Prior to July 1, 1999, mean of book and market value, within 20% of market value.

Deferred Compensation Plan

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457. The plan, available to all Town employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The Town has no fiduciary responsibility under the provisions of the Plan. The Plan specifically provides that all assets under the Plan and all income attributable to those assets are solely the property of the employee.

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2011

7) **PENSION PLAN AND DEFERRED COMPENSATION PLAN, (Continued)**

Also, the Town established the Retirement Savings Plan which is in accordance with Internal Revenue Service Code Section 401A. The Plan is available to all Town employees with six months service with 1000 hours. The Town has no fiduciary responsibility. The Plan was established to hold assets transferred by participants who elected out of the Town of Smyrna Pension Plan and basic and matching contributions made by the Town. The Town contributes 3% of eligible employee pay for a basic contribution and match 50% of the employee 457 Plan contributions up to 6% of employee pay. Vesting of amount in the plan occurs at 20% per year until fully vested after five years. Any forfeited benefits by employees are used to reduce future contributions by the Town. During the fiscal year the Town contributed \$916,047 and the employees contributed \$858,927. Investments in both plans are managed by the Plan's trustee under a selection of mutual funds. The choice of the investment is made by the participants.

8) **COMMITMENTS AND CONTINGENCIES**

Litigation

There were several pending lawsuits in which the Town was involved, as well as certain unasserted claims and assessments. The Town contests all the claims and intends to vigorously defend itself. The Town attorney is unable, at this time, to determine the probable outcome of such litigation; however, Town officials do not believe the eventual outcome will materially affect the financial condition of the Town and no provision has been made in the accompanying financial statements.

Commitments

Golf Course and Park Leases:

The Town leases a golf course from the Smyrna/Rutherford County Airport Authority, a joint venture, under an agreement amended May 2001. The lease is through July 1, 2025, and is adjusted annually in July with the CPI. During 2011, the Town paid \$140,693 in rent to the Airport Authority.

The Town also leases a park from the Smyrna/Rutherford County Airport Authority under an agreement expiring May 2, 2014 with an option for an additional five year term. The lease is subject to review at the end of each five year term to reflect changes in the fair market rental value of the property. During 2011, the Town paid \$11,760 in rent to the Airport Authority.

The Town has entered into two operating leases for golf course equipment, with annual payments of \$24,975 and \$24,595 through September 2013 and June 2014 respectively. The equipment can be purchased at fair market value at end of lease. Total lease expense for 2011 was \$49,655.

The Town has a commitment with the Army Corps of Engineers to reimburse the Corps for water storage operation and maintenance costs. These costs will be based on 1.313% of the Corps' actual costs. In 2011 the Town paid \$20,912.

Contracts

At June 30, 2011, the Town had utility construction contracts in process which totaled approximately \$30,660,000. These projects were approximately 89% complete at year end. The projects are being funded by a bond issue, state revolving loan funds and grants.

Contingencies

In a prior fiscal year the Town received a Department of Housing and Urban Development Home Investment Partnership Grant Note. The funds, in the amount of \$195,000, were passed through to a sub-recipient. This grant note is forgivable as long as the Town continues to meet the terms of the grant note through August 2019. Amounts received from Grantor agencies are subject to audit and adjustment by Grantor agencies, principally Federal and State governments. Any disallowed claims, including amounts already collected, could become a liability to the applicable fund. The Town is currently in dispute with the Federal Emergency Management Agency regarding disaster relief funds. The Town has recorded amounts expected to be received however the ultimate outcome is not determinable.

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2011

9) JOINT VENTURES WITH RUTHERFORD COUNTY

The Town previously participated in the Local Government Insurance Cooperative (LOGIC), a public entity risk pool that operated as a common risk management and workers' compensation insurance program for approximately one hundred governmental entities. LOGIC was self-sustaining through member premiums and also obtained specific excess and aggregate excess coverage through a commercial insurance company. The Town has learned the commercial insurance company is in bankruptcy, and the Town will be assessed by LOGIC to help cover claims incurred during the Town's participation. All known assessments have been accrued. The Town does not believe, based on current information, any potential future assessments would be material to the Town's financial statements.

In 1991, the Metropolitan Nashville Airport Authority transferred the assets of the airport to the Smyrna/Rutherford County Airport Authority. The Smyrna/Rutherford County Airport Authority is operated through a joint operations agreement between Rutherford County and the Town of Smyrna. The agreement provides that the county and Town will share in any funding shortfalls 60% and 40% respectively. At June 30, 2011, the Authority had net assets of \$27,253,438. Net operating losses for the 2011 and 2010 fiscal years were \$1,465,557 and \$1,465,381 respectively. During the year, the Town of Smyrna paid a total of \$149,230 in rent for use of Authority property for recreational purposes. Separate financial statements for this joint venture are available at Town of Smyrna City Hall from the Town Manager. The Town does not have an explicit claim to net resources. In the past five years of operation, it has not been necessary for the Town to provide supplemental funding. The Town originally loaned the Authority \$497,784 in 1999 and increased the loan amount by \$285,879 in fiscal year 2007. The loan is being repaid in monthly installments of \$4,400 for approximately seventeen years. Interest accrues at 6% and the balance is \$456,049.

10) INTERFUND TRANSACTIONS

Interfund receivables and payables are attributable to obligations for transfers between funds. The actual cash transfer had not been made at June 30, 2011. The composition of interfund balances at June 30, 2011 were as follows:

<u>Receivable Fund</u>		<u>Payable Fund</u>	
General Fund	\$1,100,000	Water and Sewer Fund	\$1,100,000

This interfund amount relates to a grant anticipation obligation which will be liquidated in the early part of next fiscal year. Internal balances also include \$568,740 related to the consolidation of the internal service fund which is netted with the \$1,100,000 interfund obligation for a balance of \$531,260.

All interfund payables are expected to be liquidated in the next fiscal year.

Interfund transfers for the year ended June 30, 2011 are attributable to the budgeted allocation of resources from one fund to another and consist of the following:

	<u>Transfer In:</u>			<u>Totals</u>
	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Nonmajor Governmental</u>	
Transfer Out:				
Gas Fund	\$ 183,917	-	-	183,917
Water and Sewer Fund	455,942	-	-	455,942
General Fund	-	410,590	2,104,843	2,515,433
Nonmajor				
Governmental Funds	<u>93,471</u>	<u>217,830</u>	<u>330,746</u>	<u>642,047</u>
Totals	<u>\$ 733,330</u>	<u>628,420</u>	<u>2,435,589</u>	<u>3,797,339</u>

The transfers from the proprietary funds to the General Fund relate to in lieu of tax payments.

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2011

11) RELATED PARTY TRANSACTIONS

In prior years the Town has extended loans to the Housing Authority and Airport Authority which are related organizations, but do not meet the criteria for component units. During the year, repayments were made on these loans in the amounts of \$9,114 and \$24,629 plus interest respectively.

12) MAJOR CUSTOMER

The Town supplies water, sewer and natural gas services to a large manufacturing company. During the fiscal year ended June 30, 2011, services to this company accounted for the following percentages of total revenues of the water, sewer and natural gas fund customer revenues.

Gas Fund	29.8%
Water and Sewer Fund	11.3%

13) RISK MANAGEMENT

The Town has chosen to establish the Self Insurance Fund (internal service fund) for risks associated with the employees' health insurance plan, workers compensation insurance coverage and liability risks. The fund is accounted for as an internal service fund where assets are set aside for claim settlements.

Employee Health Insurance Plan

The Town retains the risk of loss to a limit of \$50,000 per employee, and \$1,000,000 aggregate annual cap. The Town has obtained a stop/loss commercial insurance policy to cover claims beyond this liability. All full-time employees of the government are eligible to participate. A premium charge is allocated to each fund that accounts for full-time employees.

This charge is based on actuarial estimates of the amounts needed to pay prior and current-year claims and to establish an amount for catastrophic losses.

Worker's Compensation Insurance Plan

The Town is self insured for its worker's compensation claims up to a limit of \$200,000 per claim. The Town obtained commercial insurance for claims beyond the noted limit. The maximum liability the Town can incur is \$850,000 for all worker's compensation and liability claims during the policy year.

Liability and Property Insurance Plan

The Town is self insured to a limit of \$100,000 per claim for liability claims and \$50,000 per claim for property and crime claims. The Town obtained commercial insurance for claims beyond the above noted amounts. The maximum liability the Town can incur is \$850,000 for all worker's compensation and liability claims during the policy year.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The Fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. The process used to compute claims liabilities does not necessarily result in an exact amount but it is the best estimate based on credible information. For the government-wide financial statements the activity and assets and liabilities of the fund have been allocated to the participating funds.

TOWN OF SMYRNA, TENNESSEE
Notes to Financial Statements (Continued)
June 30, 2011

13) RISK MANAGEMENT, Continued

Changes in the balance of claims liabilities during the past three fiscal years are as follows:

	<u>Beginning-of- Fiscal-Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance of Fiscal Year-End</u>
2008-2009	\$ 842,950	6,112,928	(6,042,418)	913,460
2009-2010	913,460	6,859,249	(6,910,578)	862,131
2010-2011	862,131	7,509,525	(7,293,136)	1,078,520*

*Medical and workers compensation claims: \$941,263; Liability claims: \$137,256.

The Town continues to carry commercial insurance for all other risks of loss, such as employee honesty and surety bonds. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years, however in the current year the Town experienced flood damage to infrastructure such as roads and bridges which were not covered by insurance.

14) SUBSEQUENT EVENTS

The Town is in the planning stage of issuing Capital Outlay Notes in the amount of \$622,261 to fund the purchase of police cars, computer software and hardware, golf carts and various other equipment. The Town has also begun the process of issuing bonds in the amount of \$2,495,127 for improvements to a business park, streets, parks and Town Centre facility. The term of the bonds will be 15 to 20 years.

15) FUND DEFICIT

The component unit, Industrial Development Fund, ended the fiscal year with a net asset deficit of \$640,961. Future rents are expected to fund the deficit. The Industrial Development Board has a lease agreement with Smyrna Housing Authority, a related organization, through the Town, which provides for rentals in the amount of required debt service payments. The amounts are as follows:

2012	\$ 231,725
2013	229,625
2014	227,450
2015	225,200
2016	281,765
thereafter	<u>4,537,438</u>
	\$ <u>5,733,203</u>

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2011

16) BUDGET COMPLIANCE AND ACCOUNTABILITY

The Town of Smyrna is required by State statute to adopt an annual budget. The Town legally adopts budgets for all governmental funds except the Debt Service Fund, because effective budgetary control is achieved through transfers from other funds. These budgets are prepared on the basis that current available funds must be sufficient to meet current expenditures. Expenditures may not legally exceed appropriations authorized by the Town Council. The Town's budgetary basis is consistent with generally accepted accounting principles. The legal level of budgetary control is at the department level. Any changes to departmental total budgets must be approved by the council.

The Town follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to May 1, the Town Manager submits to the Town Council a proposed operating budget for the fiscal year commencing the following July 1. The operating departmental budget establishes the budgetary level of control for the proposed expenditures and the means of financing them.
2. Public hearings are conducted at the Town Hall to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an ordinance. In no event shall the total appropriations for any fund included in the budget exceed the estimated revenues and unappropriated fund balance.
4. The Town Manager is authorized to transfer budgeted amounts within departments within any fund; however, any revisions that alter the total expenditures of any department or fund must be approved by the Town Council.
5. Formal budgetary integration is employed as a management control device during the year for all governmental fund types, except the Debt Service Fund, a nonmajor governmental fund.
6. Budgets are adopted on a basis generally consistent with generally accepted accounting principles (GAAP). These budget appropriations lapse at year end.

During the fiscal year, the General Fund expenditures budget was increased by \$2,284,500 and the Capital Projects Funds expenditure budget was decreased by \$818,000. Nonmajor governmental fund expenditures budgets were increased by \$30,000. The General Fund increased appropriations were primarily related to flood damage repairs and employee insurance expenditures.

**COMBINING AND INDIVIDUAL NONMAJOR FUND
STATEMENTS AND SCHEDULES**

NONMAJOR GOVERNMENT FUNDS

State Street Aid Fund - This fund accounts for all revenue and expenditures from the Town's share of state gasoline taxes. Tennessee state law requires these receipts be kept in a separate fund and used for the construction and maintenance of town streets and certain related street expenditures.

Drug Fund - This fund accounts for funds received directly from the enforcement of laws associated with illegal drug activity. Under state law, the funds are to be used only for law enforcement related expenditures.

Impact Fee Fund - This fund is used to account for the collection of fees restricted for certain capital improvements.

Stormwater Fund – This fund is used to account for the collection of fees restricted for improvements related to stormwater drainage and related projects.

Debt Service Fund - This fund is used to account for the disbursement of funds for governmental debt service requirements.

TOWN OF SMYRNA, TENNESSEE

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2011

<u>Assets</u>	<u>Special Revenue</u>			<u>Capital Projects</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Drug Fund</u>	<u>State Street Aid Fund</u>	<u>Stormwater Fund</u>	<u>Impact Fee Fund</u>		
Cash in bank	\$44,691	124,473	1,130,105	4,134,308	-	5,433,577
Due from other governments	125	183,413	1,000	-	-	184,538
Receivables	-	-	222,721	-	-	222,721
Total Assets	<u>\$44,816</u>	<u>307,886</u>	<u>1,353,826</u>	<u>4,134,308</u>	<u>-</u>	<u>5,840,836</u>
<u>Liabilities and Fund Balance</u>						
Liabilities:						
Accounts payable	\$4,104	151,586	26,390	-	-	182,080
Accrued liabilities	-	-	16,800	-	-	16,800
Deferred revenue	-	89,609	-	-	-	89,609
Total Liabilities	<u>4,104</u>	<u>241,195</u>	<u>43,190</u>	<u>-</u>	<u>-</u>	<u>288,489</u>
Fund balance:						
Restricted	<u>40,712</u>	<u>66,691</u>	<u>1,310,636</u>	<u>4,134,308</u>	<u>-</u>	<u>5,552,347</u>
Total Fund Balance	<u>40,712</u>	<u>66,691</u>	<u>1,310,636</u>	<u>4,134,308</u>	<u>-</u>	<u>5,552,347</u>
Total Liabilities and Fund Balance	<u>\$44,816</u>	<u>307,886</u>	<u>1,353,826</u>	<u>4,134,308</u>	<u>-</u>	<u>5,840,836</u>

TOWN OF SMYRNA, TENNESSEE

**Combining Statement of Revenues, Expenditures
and Changes in Fund Balances**

Nonmajor Governmental Funds

For the Year Ended June 30, 2011

	Special Revenue			Capital Projects Impact Fee Fund	Debt Service Fund	Total Nonmajor Governmental Funds
	Drug Fund	State Street Aid Fund	Stormwater Fund			
Revenues:						
Intergovernmental:						
Gasoline tax, inspection fees and grants	\$ -	1,037,661	1,000	-	-	1,038,661
Total Intergovernmental	-	1,037,661	-	-	-	1,038,661
Licenses and permits	-	-	-	545,941	-	545,941
Fines, forfeitures and seizures	99,398	-	-	-	-	99,398
Uses of Money and Property:						
Interest	18	115	157	65,663	-	65,953
stormwater fees, rental, and sales	-	-	1,431,163	-	-	1,431,163
Total Uses of Money and Property	18	115	1,431,320	65,663	-	1,497,116
Total Revenues	99,416	1,037,776	1,432,320	611,604	-	3,181,116
Expenditures:						
Current:						
Drug enforcement	109,604	-	-	-	-	109,604
Recreation and culture	-	-	-	2,500	-	2,500
Stormwater	-	-	562,305	-	-	562,305
Highways and streets	-	713,889	-	-	-	713,889
Total Current	109,604	713,889	562,305	2,500	-	1,388,298
Debt service	-	-	-	-	2,435,589	2,435,589
Capital outlay	-	-	-	-	-	-
Total Expenditures	109,604	713,889	562,305	2,500	2,435,589	3,823,887
Excess (deficiency) of revenues over expenditures	(10,188)	323,887	870,015	609,104	(2,435,589)	(642,771)
Other Financing Sources (Uses):						
Transfer to Debt Service Fund	-	(330,746)	-	-	-	(330,746)
Transfer from General Fund	-	-	-	-	2,104,843	2,104,843
Transfer from State Street Aid Fund	-	-	-	-	330,746	330,746
Transfer to General Fund	-	-	(93,471)	-	-	(93,471)
Transfer to Capital Projects Fund	-	-	(215,447)	(2,383)	-	(217,830)
Total Other Financing Sources (Uses)	-	(330,746)	(308,918)	(2,383)	2,435,589	1,793,542
Net change in fund balance	(10,188)	(6,859)	561,097	606,721	-	1,150,771
Fund balance, beginning of year, as restated	50,900	73,550	749,539	3,527,587	-	4,401,576
Fund balance, end of year	<u>\$40,712</u>	<u>66,691</u>	<u>1,310,636</u>	<u>4,134,308</u>	<u>-</u>	<u>5,552,347</u>

TOWN OF SMYRNA, TENNESSEE

**Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (GAAP Basis) and Actual**

Drug Fund

For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Fines forfeitures and seizures	\$80,500	90,500	99,398	8,898
Interest	50	50	18	(32)
Total Revenue	<u>80,550</u>	<u>90,550</u>	<u>99,416</u>	<u>8,866</u>
Expenditures:				
Current:				
Miscellaneous:				
Drug enforcement	<u>100,000</u>	<u>110,000</u>	<u>109,604</u>	<u>396</u>
Total Current	<u>100,000</u>	<u>110,000</u>	<u>109,604</u>	<u>396</u>
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>100,000</u>	<u>110,000</u>	<u>109,604</u>	<u>396</u>
Excess (deficiency) of revenues over expenditures	<u>(19,450)</u>	<u>(19,450)</u>	<u>(10,188)</u>	<u>9,262</u>
Net change in fund balance	<u>(19,450)</u>	<u>(19,450)</u>	<u>(10,188)</u>	<u>9,262</u>
Fund balance, beginning of year	<u>50,900</u>	<u>50,900</u>	<u>50,900</u>	<u>-</u>
Fund balance, end of year	<u><u>\$31,450</u></u>	<u><u>31,450</u></u>	<u><u>40,712</u></u>	<u><u>9,262</u></u>

TOWN OF SMYRNA, TENNESSEE

**Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (GAAP Basis) and Actual**

State Street Aid Fund

For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Intergovernmental:				
State gasoline and motor fuel tax and fees	<u>\$985,000</u>	<u>1,005,000</u>	<u>1,037,661</u>	<u>32,661</u>
Uses of Money and Property:				
Interest	<u>50</u>	<u>50</u>	<u>115</u>	<u>65</u>
Total Revenues	<u>985,050</u>	<u>1,005,050</u>	<u>1,037,776</u>	<u>32,726</u>
Expenditures:				
Current:				
Street maintenance - repairs	300,000	300,000	306,036	(6,036)
Lighting	355,000	375,000	368,764	6,236
Signals	<u>40,000</u>	<u>40,000</u>	<u>39,089</u>	<u>911</u>
Total Current	<u>695,000</u>	<u>715,000</u>	<u>713,889</u>	<u>1,111</u>
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>695,000</u>	<u>715,000</u>	<u>713,889</u>	<u>1,111</u>
Excess (deficiency) of revenues over expenditures	290,050	290,050	323,887	33,837
Other Financing Sources (Uses):				
Transfer to Debt Service Fund	<u>-</u>	<u>(388,776)</u>	<u>(330,746)</u>	<u>58,030</u>
Net change in fund balance	<u>290,050</u>	<u>(98,726)</u>	<u>(6,859)</u>	<u>91,867</u>
Fund balance, beginning of year	<u>73,550</u>	<u>73,550</u>	<u>73,550</u>	<u>-</u>
Fund balance, end of year	<u><u>\$363,600</u></u>	<u><u>(25,176)</u></u>	<u><u>66,691</u></u>	<u><u>91,867</u></u>

TOWN OF SMYRNA, TENNESSEE
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (GAAP Basis) and Actual

Impact Fee Fund

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Licenses and permits	\$510,000	510,000	545,941	35,941
Uses of Money and Property:				
Interest	60,173	60,173	65,663	5,490
Total Revenue	570,173	570,173	611,604	41,431
Expenditures:	2,500	2,500	2,500	-
Total Expenditures	2,500	2,500	2,500	-
Excess (deficiency) of revenues over expenditures	567,673	567,673	609,104	41,431
Other Financing Sources (Uses):				
Transfers to Capital Project Fund	(3,147,500)	(3,147,500)	(2,383)	3,145,117
Total Other Financing Sources (Uses)	(3,147,500)	(3,147,500)	(2,383)	3,145,117
Net change in fund balance	(2,579,827)	(2,579,827)	606,721	3,186,548
Fund balance, beginning of year	3,527,587	3,527,587	3,527,587	-
Fund balance, end of year	\$947,760	947,760	4,134,308	3,186,548

TOWN OF SMYRNA, TENNESSEE
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (GAAP Basis) and Actual

Stormwater Fund

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental :				
Grants - state and federal	\$ -	-	1,000	1,000
Uses of Money and Property:				
Interest		-	157	157
Fees	1,413,800	1,413,800	1,431,163	17,363
Total Revenue	1,413,800	1,413,800	1,432,320	18,520
Expenditures:				
Stormwater:				
Salaries	256,160	256,160	255,985	175
Benefits and payroll taxes	130,970	130,970	122,805	8,165
Memberships and registrations	3,700	3,700	3,755	(55)
Telephone	600	600	1,333	(733)
Supplies	9,050	9,050	5,831	3,219
Professional services	160,700	160,700	162,621	(1,921)
Other	15,781	15,781	9,975	5,806
Total Expenditures	576,961	576,961	562,305	14,656
Excess (deficiency) of revenues over expenditures	836,839	836,839	870,015	33,176
Other Financing Sources (Uses):				
Transfers to General Fund	(93,471)	(93,471)	(93,471)	-
Transfers to Capital Project Fund	(261,000)	(261,000)	(215,447)	45,553
Total Other Financing Sources (Uses)	(354,471)	(354,471)	(308,918)	45,553
Net change in fund balance	482,368	482,368	561,097	78,729
Fund balance, beginning of year	749,539	749,539	749,539	-
Fund balance, end of year	\$1,231,907	1,231,907	1,310,636	78,729

FINANCIAL SCHEDULES

Financial Schedules are used to demonstrate finance-related legal and contractual compliance, provide details of data summarized in the financial statements, and present other information deemed useful.

TOWN OF SMYRNA, TENNESSEE
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (GAAP Basis) and Actual
Capital Projects Fund
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Intergovernmental :				
Grants - state and federal	\$1,049,800	231,800	205,486	(26,314)
Uses of Money and Property:				
Interest	-	-	28,742	28,742
Total Revenue	1,049,800	231,800	234,228	2,428
Expenditures:				
Recreation and Culture:				
Current				
Supplies	50,000	50,000	49,199	801
Capital outlay	1,271,525	431,525	181,672	249,853
Community Development:				
Current				
Supplies	5,000	5,000	4,967	33
Capital outlay	180,000	180,000	18,357	161,643
Highways and Streets:				
Current				
Supplies	150,000	150,000	101,411	48,589
Capital outlay	2,909,980	2,909,980	84,294	2,825,686
Public Safety:				
Current				
Supplies - fire	25,000	25,000	23,870	1,130
Supplies - police	35,000	35,000	34,430	570
Capital outlay - fire	427,766	427,766	22,015	405,751
Capital outlay - police	254,290	274,290	273,992	298
Stormwater				
Current				
Supplies	11,000	11,000	-	11,000
Capital outlay	250,000	250,000	215,448	34,552
General Government:				
Current				
Supplies	20,500	20,500	20,437	63
Capital outlay	163,960	165,960	165,803	157
Total Expenditures	5,754,021	4,936,021	1,195,895	3,740,126
Excess (deficiency) of revenues over expenditures	(4,704,221)	(4,704,221)	(961,667)	3,742,554
Other Financing Sources:				
Capital outlay note proceeds	846,278	846,278	226,000	(620,278)
Capital lease proceeds	-	-	31,086	31,086
Transfers from Impact Fee Fund	3,150,000	3,150,000	2,383	(3,147,617)
Transfers from Stormwater Fund	261,000	261,000	215,447	(45,553)
Transfers from General Fund	446,943	446,943	410,590	(36,353)
Total Other Financing Sources	4,704,221	4,704,221	885,506	(3,818,715)
Net change in fund balance	-	-	(76,161)	(76,161)
Fund balance, beginning of year	1,786,295	1,786,295	1,786,295	-
Fund balance, end of year	\$1,786,295	1,786,295	1,710,134	(76,161)

TOWN OF SMYRNA, TENNESSEE

Schedule of Cash Flow

Proprietary Fund Type - Component Unit

Industrial Development Fund

For the Year Ended June 30, 2011

Cash Flows from Operating Activities:	
Cash received from customers	\$231,000
Net Cash Provided (Used) by Operating Activities	<u>231,000</u>
Cash Flows from Capital and Related Financing Activities:	
Interest paid on debt	(173,600)
Payments on long-term debt	<u>(55,000)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(228,600)</u>
Cash Flows from Investing Activities:	
Interest received on investments	<u>9</u>
Net Cash Provided (Used) by Investing Activities	<u>9</u>
Net Increase (Decrease) in Cash	2,409
Cash and Cash Equivalents and Restricted Cash, Beginning of Year	<u>48,248</u>
Cash and Cash Equivalents and Restricted Cash, End of Year	<u><u>\$50,657</u></u>

Reconciliation of Operating Income (Loss) to Net Cash Provided by Operations

Operating income (loss)	\$98,099
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	<u>132,901</u>
Net Cash Provided (used) for Operating Activities	<u><u>\$231,000</u></u>

TOWN OF SMYRNA, TENNESSEE

Capital Assets Used in the Operation of Governmental Funds

Schedule By Function and Activity

June 30, 2011

Function and Activity	<u>Land</u>	<u>Buildings & Improvements</u>	<u>Improvements Other Than Buildings</u>	<u>Equipment</u>	<u>Infrastructure</u>	<u>Construction In Progress</u>	<u>Total</u>
General government	\$1,593,704	5,575,456	728,762	2,811,431	281,147	127,298	11,117,798
Public safety:							
Police	216,060	3,624,245	-	3,893,581	-	-	7,733,886
Fire	155,690	4,925,574	132,844	4,517,651	-	54,327	9,786,086
Highways and streets	1,431,685	177,628	1,785,466	2,317,831	97,726,496	859,402	104,298,508
Stormwater	-	-	264,314	90,806	90,601	66,641	512,362
Recreation	2,160,665	5,167,881	12,599,701	2,737,650	1,179,189	1,438,036	25,283,122
Community development	-	3,284,725	-	154,441	-	18,358	3,457,524
Total governmental capital assets	<u>\$5,557,804</u>	<u>22,755,509</u>	<u>15,511,087</u>	<u>16,523,391</u>	<u>99,277,433</u>	<u>2,564,062</u>	<u>162,189,286</u>

TOWN OF SMYRNA, TENNESSEE

Capital Assets Used in the Operation of Governmental Funds

Schedule of Changes in Capital Assets By Function and Activity

For the Year Ended June 30, 2011

Function and Activity	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
General government	\$11,013,210	111,478	6,890	11,117,798
Public safety:				
Police	7,612,427	273,991	152,532	7,733,886
Fire	9,709,744	76,342	-	9,786,086
Highways and streets	103,230,351	1,068,157	-	104,298,508
Stormwater	296,912	215,450	-	512,362
Recreation	25,101,453	181,669	-	25,283,122
Community development	3,439,166	18,358	-	3,457,524
Total governmental capital assets	<u>\$160,403,263</u>	<u>1,945,445</u>	<u>159,422</u>	<u>162,189,286</u>

TOWN OF SMYRNA, TENNESSEE

Schedule of Cash and Cash Equivalents

All Funds

June 30, 2011

Major Governmental Funds

<u>Type of Investment or Account</u>	<u>Interest Rate</u>	<u>Amount</u>
General Fund:		
Demand deposits and savings	Various	\$12,817,022
Local Government Investment Pool	Various	65,366
Change funds	-	3,596
Total General Fund		<u>12,885,984</u>
Capital Projects Fund		
Demand deposits and savings	-	1,681,540
Total Capital Projects Fund		<u>1,681,540</u>

Nonmajor Governmental Funds

Drug Fund:		
Cash	-	100
Demand deposit	-	44,591
Total Drug Fund		<u>44,691</u>
State Street Aid Fund:		
Local Government Investment Pool	Various	1,076
Demand deposits and savings	Various	123,397
Total State Street Aid Fund		<u>124,473</u>
Impact Fee Fund		
Demand deposits and savings	Various	4,134,308
Total Impact Fee Fund		<u>4,134,308</u>
Stormwater Fund		
Demand deposits and savings	-	1,130,105
Total Stormwater Fund		<u>1,130,105</u>

Proprietary Funds

Water and Sewer Fund:		
Demand deposits and savings	Various	14,961,067
Local Government Investment Pool	Various	1,775
Change funds	-	600
Total Water and Sewer Fund		<u>14,963,442</u>
Natural Gas Fund:		
Local Government Investment Pool	Various	1,027
Demand deposits and savings	Various	10,577,138
Total Natural Gas Fund		<u>10,578,165</u>
Internal Service Fund		
Demand deposits and savings	Various	1,099,455
Total Internal Service Fund		<u>1,099,455</u>
Total Primary Government		<u><u>\$46,642,163</u></u>

Component Unit:

Industrial Development Fund		
Demand deposits and savings	-	\$50,657
Total Industrial Development Fund		<u><u>\$50,657</u></u>

TOWN OF SMYRNA, TENNESSEE

Schedule of Changes in Property Taxes Receivable

General Fund

For the Year Ended June 30, 2011

<u>Fiscal Year</u>	<u>Balance June 30, 2010</u>	<u>Adjustments/ Assessments</u>	<u>Collections</u>	<u>Balance June 30, 2011</u>
2010 - 2011	\$ -	7,639,156	7,341,727	297,429
2009 - 2010	303,945	-	145,507	158,438
2008 - 2009	88,917	-	49,144	39,773
2007 - 2008	22,789	-	6,045	16,744
2006 - 2007	14,461	-	3,910	10,551
2005 - 2006	3,011	-	467	2,544
2004 - 2005	6,615	-	160	6,455
2003 - 2004	7,854	-	450	7,404
2002 - 2003	6,395	-	2	6,393
2001 - 2002	9,050	-	15	9,035
2000 - 2001	4,296	(1,923)	-	-
	-			
	<u>\$467,333</u>	<u>7,637,233</u>	<u>7,547,427</u>	554,766
2011 - 2012**				<u>7,701,822</u>
				<u>\$8,256,588</u>

Fiscal year 2008-2009 and prior have been turned over to the County Clerk and Master for collection.

** Unlevied taxes receivable

TOWN OF SMYRNA, TENNESSEE

**Schedule of Maturities of Bond Indebtedness
and Interest Requirements**

General Obligation

June 30, 2011

Year Ending June 30.	1998 Public Building Authority Loan	2005 General Obligation Bonds	2006 General Obligation Bonds	2008 General Obligation Bonds	2009 General Obligation Bonds	2009 Capital Outlay Note	Interest Requirements	Total
2012	\$424,751	400,000	275,000	283,815	200,000	75,333	823,678	2,482,577
2013	445,100	400,000	300,000	294,525	200,000	75,334	759,924	2,474,883
2014	-	430,000	790,000	305,235	200,000	-	694,656	2,419,891
2015	-	440,000	820,000	313,267	200,000	-	630,890	2,404,157
2016	-	460,000	855,000	332,010	200,000	-	566,934	2,413,944
2017	-	500,000	885,000	348,075	210,000	-	500,906	2,443,981
2018	-	500,000	920,000	358,785	210,000	-	430,652	2,419,437
2019	-	520,000	955,000	374,850	220,000	-	356,115	2,425,965
2020	-	550,000	995,000	396,270	220,000	-	277,864	2,439,134
2021	-	-	1,030,000	417,690	230,000	-	195,371	1,873,061
2022	-	-	1,075,000	439,110	250,000	-	130,239	1,894,349
2023	-	-	-	460,530	250,000	-	60,826	771,356
2024	-	-	-	481,950	260,000	-	31,437	773,387
	<u>\$869,851</u>	<u>4,200,000</u>	<u>8,900,000</u>	<u>4,806,112</u>	<u>2,850,000</u>	<u>150,667</u>	<u>5,459,492</u>	<u>27,236,122</u>

TOWN OF SMYRNA, TENNESSEE

Schedule of Maturities of Indebtedness and Interest Requirements

Enterprise Fund

June 30, 2011

Year Ending June 30,	Water and Sewer Fund							Revolving Loan	Revolving Loan	Interest Requirements	Total
	Bond Issue										
	1998	2001	2003A	2008	2009	2009	2011				
2012	\$1,009,249	50,000	320,000	246,184	450,000	250,000	900,000	-	139,727	1,997,092	5,362,252
2013	1,060,900	55,000	330,000	255,475	450,000	250,000	950,000	19,839	142,747	1,823,038	5,336,999
2014	-	50,000	340,000	264,765	500,000	1,100,000	1,000,000	20,228	145,831	1,705,704	5,126,528
2015	-	55,000	355,000	271,732	500,000	1,150,000	1,000,000	20,624	148,983	1,612,441	5,113,780
2016	-	-	365,000	287,990	525,000	1,240,000	1,030,000	21,027	152,203	1,527,686	5,148,906
2017	-	-	380,000	301,925	525,000	1,300,000	1,070,000	21,439	155,492	1,394,003	5,147,859
2018	-	-	390,000	311,216	550,000	1,350,000	1,100,000	21,858	158,852	1,270,420	5,152,346
2019	-	-	-	325,150	575,000	1,720,000	1,150,000	22,286	162,285	1,149,835	5,104,556
2020	-	-	-	343,730	600,000	1,790,000	1,200,000	22,722	165,793	1,000,837	5,123,082
2021	-	-	-	362,310	600,000	1,850,000	2,600,000	23,167	169,376	852,565	6,457,418
2022	-	-	-	380,890	630,000	1,920,000	-	23,621	173,036	697,487	3,825,034
2023	-	-	-	399,470	700,000	1,990,000	1,400,000	24,083	176,775	523,110	5,213,438
2024	-	-	-	418,050	725,000	2,060,000	1,450,000	24,554	180,596	344,442	5,202,642
2025	-	-	-	-	-	-	1,550,000	25,035	184,499	155,696	1,915,230
2026	-	-	-	-	-	-	1,600,000	25,525	188,486	91,156	1,905,167
2027	-	-	-	-	-	-	-	26,025	192,559	22,583	241,167
2028	-	-	-	-	-	-	-	26,534	196,721	17,912	241,167
2029	-	-	-	-	-	-	-	27,053	200,972	13,142	241,167
2030	-	-	-	-	-	-	-	27,583	205,315	8,269	241,167
2031	-	-	-	-	-	-	-	28,123	209,752	3,292	241,167
2032	-	-	-	-	-	-	-	28,674	-	302	28,976
<hr/>											
	<u>\$2,070,149</u>	<u>210,000</u>	<u>2,480,000</u>	<u>4,168,887</u>	<u>7,330,000</u>	<u>17,970,000</u>	<u>18,000,000</u>	480,000	3,450,000	<u>16,211,012</u>	<u>72,370,048</u>
<hr/>											
								(152,833)	(55,635)		
								<u>327,167</u>	<u>3,394,365</u>		

Less amount not drawn

TOWN OF SMYRNA, TENNESSEE

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2011

Federal Grants as Identified in the
Catalog of Federal Domestic Assistance:

CFDA Number	Program Name	Grantor Agency	Expenditures
16.579	Edward Byrne Memorial Grant	U.S. Department of Justice	\$12,784
66.458	* State Revolving Loan Program	TN Department of Environment & Conservation	
	Capitalization Grants for Clean Water	Environmental Protection Agency	
	Loan (ARRA)		360,795
	Principal Forgiveness (ARRA)		1,443,178
	Loan		1,503,251
	Principal Forgiveness		69,346
	Loan		270,764
81.128	Energy Efficiency & Conservation Grant (ARRA)	US Department of Energy	159,848
97.036	Public Assistance Grant	Federal Emergency Management Agency	127,294
16.607	Bullet Proof Vest Grant	U.S. Department of Justice	5,881
20.205	Greenways Grant	Federal Highway Administration	28,562
20.205	Revitalization Grant	Federal Highway Administration	61,624
20.600/20.607	Network Coordinator Grant	TN Department of Transportation	6,961
			<u>\$4,050,288</u>

This schedule was prepared using the accrual basis of accounting.

* Major Program
(ARRA) - American Recovery and Reinvestment Act Funds

At June 30, 2011, there was a Department of Housing and Urban Development Home Investment Partnership Grant Note outstanding. (CFDA #14.239). The funds, in the amount of \$195,000 were passed to a subrecipient and the grant note is forgivable as long as the Town continues to meet the terms of the grant note through August 2019.

TOWN OF SMYRNA, TENNESSEE
Schedule of Federal and State Financial Assistance
For the Year Ended June 30, 2011

Federal Grants as Identified in the
Catalog of Federal Domestic Assistance:

CFDA Number	State Grant Number	Program Name	Grantor Agency	(Accrued) or Deferred Revenue at July 1, 2010	Program Income & Grant Receipts	Adjustments	Expenditures	(Accrued) or Deferred Revenue at June 30, 2011
16.579	2007-DJ-BX-1001 2009-DJ-BX-1321 2010-DJ-BX-0037	Edward Byrne Memorial Grant	U.S. Department of Justice	\$39	1,587	-	12,784	(11,158)
66.458	N/A	State Revolving Loan Program Capitalization Grants for Clean Water Loan - (ARRA) Principal Forgiveness - (ARRA) Loan Principal Forgiveness Loan	TN Department of Environment & Conservation Environmental Protection Agency	(182,902) (731,609) (762,062) - -	448,436 1,793,743 1,868,407 - -	- - - - -	360,795 1,443,178 1,503,251 69,346 270,764	(95,261) (381,044) (396,906) (69,346) (270,764)
81.128	N/A	Energy Efficiency & Conservation Grant (ARRA)	U.S. Department of Energy	-	165,434	-	159,848	5,586
97.036	N/A	Public Assistance Grant	Federal Emergency Management Agency	(422,006)	93,803 **	174,945	127,294	(280,552)
16.607	N/A	Bulletproof Vest Grant	U.S. Department of Justice	-	-	-	5,881	(5,881)
20.205	HPP-7500 HPP-9315	Greenways Grant	Federal Highway Administration	(20,268)	34,988	-	28,562	(13,842)
20.205	STP-M-1 178)	Revitalization Grant	Federal Highway Administration	-	61,624	-	61,624	-
20.600/20.607	PT-09-148/154AL-09-113 PT-10-45	Network Coordinator Grant	TN Department of Transportation	(9,616)	16,577	-	6,961	-
Total Federal Assistance				<u>(\$2,128,424)</u>	<u>4,484,599</u>	<u>174,945</u>	<u>4,050,288</u>	<u>(1,519,168)</u>
State Grants:								
		State Revolving Loan Program	TN Department of Environment & Conservation	(\$152,449)	373,772	-	300,723	(79,400)
		State Revolving Loan Program		-	-	-	56,404	(56,404)
		Principal Forgiveness		-	-	-	14,444	(14,444)
		Public Assistance Grant	Tennessee Emergency Management Agency	(23,445)	- **	9,719	7,072	(20,798)
	Z-10222-292	Riparian Tree Planting Grant	TN Wildlife Resources Agency	-	-	-	1,000	(1,000)
Total State Assistance				<u>(\$175,894)</u>	<u>373,772</u>	<u>9,719</u>	<u>379,643</u>	<u>(172,046)</u>

** Adjustments relate to amounts originally denied by the insurance carrier and included in grant expenditures. These have been reclassified to amounts due from the insurance carrier.

This schedule was prepared using the accrual basis of accounting.

TOWN OF SMYRNA, TENNESSEE

Schedule of Utility Data

June 30, 2011

<u>Services</u>	<u>Number of Customers</u>
Water	13,344
Sewer	12,601
Natural Gas	9,608
Fire Hydrants	1,582
<u>Rates</u>	
Water (in Town)	
First 2,000 gallons	\$7.75
2,001 - 5,000 gallons	2.40/1,000 gallons
5,001 - 10,000 gallons	2.75/1,000 gallons
thereafter	3.05/1,000 gallons
Water (outside Town)	
First 2,000 gallons	\$9.50
2,001 - 5,000 gallons	3.55/1,000 gallons
5,001 - 10,000 gallons	3.95/1,000 gallons
thereafter	4.50/1,000 gallons
Sewer (in Town)	
First 2,000 gallons	\$10.85
thereafter	2.90/1,000 gallons
Sewer (outside Town)	
First 2,000 gallons	\$16.20
thereafter	3.85/1,000 gallons
Natural Gas	
Residential and Small Commercial	\$2.00/first 400 cubic feet
Any excess at current market rate	

Town of Smyrna
Schedule of Unaccounted for Water
June 30, 2011

(All amounts in gallons)

A	Water Treated and Purchased:		
B	Water Pumped (Potable)	3,398,986,000	
C	Water Purchased	79,653,972	
D	Total Water Treated and Purchased		3,478,639,972
E	Accounted for Water:		
F	Water Sold	2,534,235,755	
G	Metered for Consumption (in house usage)	45,849,500	
H	Fire Department(s) Usage	997,200	
I	Flushing	74,957,105	
J	Tank Cleaning/Filling	9,500	
K	Street Cleaning	0	
L	Bulk Sales	158,659,250	
M	Water Bill Adjustments	34,201,264	
N	Total Accounted for Water (Sum lines F-M)		2,848,909,574
O	Unaccounted for Water (Line D -N)		629,730,398
P	Percent Unaccounted for Water		18.10%
	(Line O divided by Line D times 100)		

Q Other (explain)

See Below

Explain Other:

All amounts included in this schedule are supported by documentation on file at the water system.
If no support is on file for a line item or if the line item is not applicable, a "0" is shown.

TOWN OF SMYRNA, TENNESSEE

STATISTICAL SECTION

This part of the Town of Smyrna's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

Schedule #

Contents

Financial Trends	These Schedules contain trend information to help readers understand how the Town's financial performance and well - being have changed over time.	1-4
Revenue Capacity	These Schedules contain information to help readers assess the Town's most significant local revenue source-its property tax.	5-8
Debt Capacity	These Schedules present information to help readers assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.	9-13
Demographic and Economic Information	These Schedules offer demographic and economic indicators to help readers understand the environment within which the Town's financial activities take place.	14-15
Operating Information	These Schedules contain service and infrastructure data to help readers understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.	16-18

Except where noted, the information in these Schedules is derived from the Town of Smyrna's comprehensive annual financial reports for the relevant year. The Town implemented GASB Statement 34 in 2003: Schedules presenting government - wide information include information beginning that year.

TOWN OF SMYRNA, TENNESSEE

**Financial Trends Information -
Changes in Net Assets - Last Nine Years**

Schedule 1

(Prepared using the accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental Activities:									
Investments in capital assets, net of related debt	\$64,865,890	66,457,757	72,761,202	68,025,896	67,127,060	81,028,922	80,698,915	78,000,723	77,232,023
Restricted for:									
Cemetery maintenance	-	-	-	-	-	-	-	-	453,875
Capital projects	1,130,031	1,934,110	-	6,330,006	8,289,938	3,920,073	3,254,231	5,712,407	4,504,069
Highway and streets maintenance	121,185	285,100	418,214	592,621	369,905	458,202	277,135	162,467	156,300
Stormwater	-	-	-	-	-	-	240,696	749,539	1,310,636
Law enforcement	26,487	76,994	70,032	100,417	89,515	10,154	50,190	50,900	40,712
Unassigned	13,105,602	13,247,022	15,261,124	13,533,314	14,941,843	12,901,333	14,827,610	14,393,586	13,006,648
Total Governmental Activities Net Assets	<u>\$79,249,195</u>	<u>82,000,983</u>	<u>88,510,572</u>	<u>88,582,254</u>	<u>90,818,261</u>	<u>98,318,684</u>	<u>99,348,777</u>	<u>99,069,622</u>	<u>96,704,263</u>
Business-Type Activities									
Investments in capital assets, net of related debt	\$75,266,398	75,618,383	77,883,216	74,793,196	83,143,805	88,240,098	90,640,122	92,392,866	94,513,896
Other projects									
Unassigned	11,648,841	14,042,747	14,794,356	22,356,383	18,220,129	17,806,928	14,945,067	15,471,631	13,555,568
Total Business-type Activities Net Assets	<u>\$86,915,239</u>	<u>89,661,130</u>	<u>92,677,572</u>	<u>97,149,579</u>	<u>101,363,934</u>	<u>106,047,026</u>	<u>105,585,189</u>	<u>107,864,497</u>	<u>108,069,464</u>
Primary Government									
Investments in capital assets, net of related debt	\$140,132,288	142,076,140	150,644,418	142,819,092	150,270,865	169,269,020	171,339,037	170,393,589	171,745,919
Restricted for:									
Cemetery maintenance	-	-	-	-	-	-	-	-	453,875
Capital projects	1,130,031	1,934,110	-	6,330,006	8,289,938	3,920,073	3,254,231	5,712,407	4,504,069
Highway and streets maintenance	121,185	285,100	418,214	592,621	369,905	458,202	277,135	162,467	156,300
Stormwater	-	-	-	-	-	-	240,696	749,539	1,310,636
Law enforcement	26,487	76,994	70,032	100,417	89,515	10,154	80,190	50,900	40,712
Unassigned	24,754,443	27,289,769	30,055,480	35,889,697	33,161,972	30,708,261	29,773,677	29,865,217	26,562,216
Total Primary Government Net Assets	<u>\$166,164,434</u>	<u>171,662,113</u>	<u>181,188,144</u>	<u>185,731,833</u>	<u>192,182,195</u>	<u>204,365,710</u>	<u>204,964,966</u>	<u>206,934,119</u>	<u>204,773,727</u>

TOWN OF SMYRNA, TENNESSEE

**Financial Trends Information -
Changes in Net Assets - Last Nine Fiscal Years**

Schedule 2

(Prepared using the accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses:									
Governmental Activities:									
General government	\$4,320,424	4,987,480	5,563,874	5,061,806	6,768,869	6,657,254	7,400,713	7,239,734	8,275,614
Public safety:									
Police	5,380,181	5,538,323	6,641,013	7,077,628	7,654,928	8,542,244	9,258,680	9,147,791	9,568,842
Fire	2,851,204	3,114,436	4,027,527	4,612,143	5,420,422	6,514,220	7,701,989	8,361,813	8,379,595
Highways and streets	3,589,552	3,759,038	4,095,570	4,098,322	5,064,368	4,277,621	4,737,861	4,863,802	4,801,834
Recreation	3,140,252	3,309,396	3,657,874	4,023,565	4,124,288	4,202,662	4,490,983	4,747,459	4,650,655
Community development	1,086,288	1,238,659	1,271,640	1,259,350	1,385,545	1,380,316	1,464,050	1,319,116	1,331,653
Stormwater	-	-	-	-	-	508,715	502,108	542,203	593,683
Interest expense on long-term debt	100,383	69,359	115,232	290,279	556,204	669,262	701,726	805,659	820,094
Total Governmental Activities Expenses	20,468,284	22,016,691	25,372,730	26,423,093	30,974,624	32,752,294	36,258,110	37,027,577	38,421,970
Business-Type Activities:									
Water and Sewer	7,542,168	7,621,206	8,356,911	9,390,817	10,556,573	11,573,972	13,198,485	12,902,379	13,312,416
Natural Gas	15,078,383	16,975,520	19,591,008	29,037,668	21,449,470	24,453,363	17,043,684	15,005,690	13,663,394
Total Business-type Activities Expenses	22,620,551	24,596,726	27,947,919	38,428,485	32,006,043	36,027,335	30,242,169	27,908,069	26,975,811
Total Primary Government Expenses	\$43,088,835	46,613,417	53,320,649	64,851,578	62,980,667	68,779,629	66,500,279	64,935,646	65,397,781
Program Revenues:									
Governmental Activities:									
Charges for services									
General government	\$1,418,154	1,531,575	1,974,949	2,016,897	2,818,417	2,855,749	2,813,332	2,391,810	2,334,212
Public safety:									
Police	860,286	913,443	992,196	1,226,683	1,280,633	1,393,064	1,741,817	1,788,134	1,686,516
Fire	-	-	-	-	-	-	-	-	-
Highways and streets	117,704	311,118	352,236	-	-	-	-	-	-
Recreation	1,561,705	1,607,559	1,521,377	1,419,746	1,368,034	1,350,495	1,336,957	1,220,047	1,395,252
Community development	333,439	339,944	332,359	383,774	426,705	494,004	415,078	407,418	183,142
Stormwater	-	-	-	-	-	22,358	1,201,498	1,382,106	1,431,163
Operating grants and contributions	905,469	923,309	949,548	1,009,732	1,021,278	1,048,308	1,126,471	1,335,960	1,283,978
Capital grants and contributions	5,044,641	3,773,314	9,783,930	2,796,879	3,939,901	9,198,553	4,146,351	3,190,854	1,779,839
Total Governmental Activities Program Revenues	10,261,398	9,400,262	15,906,595	8,853,711	10,854,968	16,362,531	12,781,504	11,716,329	10,094,102
Business-Type Activities:									
Charges for services:									
Water and Sewer	7,058,410	7,683,878	8,123,010	9,900,995	10,891,300	10,667,269	11,507,794	11,713,484	13,089,220
Natural Gas	14,919,694	17,308,151	19,959,549	30,046,208	21,994,277	20,960,243	17,646,478	15,492,084	12,413,680
Capital grants and contributions:									
Water and Sewer	5,489,477	2,233,066	2,833,215	2,641,724	2,749,231	4,973,605	911,091	3,278,145	2,064,306
Natural Gas	238,852	432,284	233,849	147,802	141,767	137,406	73,513	77,890	26,777
Total Business-type Activities Program Revenues	27,706,433	27,657,379	31,149,623	42,736,729	35,776,575	36,738,523	30,138,876	30,561,603	27,593,983
Total Primary Government Program Revenues	\$37,967,831	37,057,641	47,056,218	51,590,440	46,631,543	53,101,054	42,920,380	42,277,932	37,688,085
Net (Expense)/Revenue									
Governmental Activities	(\$10,206,886)	(12,616,429)	(9,466,135)	(17,569,381)	(20,119,657)	(16,389,763)	(23,476,606)	(25,311,249)	(28,327,868)
Business-Type Activities	5,085,882	3,060,653	3,201,704	4,308,243	3,770,532	4,711,188	(103,293)	2,653,534	618,172
Total Primary Government Net Expense	(\$5,121,004)	(9,555,776)	(6,264,431)	(13,261,138)	(16,349,125)	(11,678,575)	(23,579,899)	(22,657,715)	(27,709,696)
General Revenues and Other Changes in Net Assets									
Governmental Activities:									
Taxes									
Property and in lieu of taxes	\$5,795,745	5,391,616	5,751,277	6,196,997	8,689,991	9,195,425	9,503,939	10,105,333	10,049,065
Sales	4,671,656	5,160,808	5,552,537	6,167,905	6,478,662	8,187,025	8,648,135	8,555,022	8,967,292
Business	404,960	444,297	200,085	203,263	225,500	222,870	343,648	438,371	728,197
Wholesale beer	794,350	863,381	890,405	898,585	941,030	1,006,374	1,046,230	1,013,015	1,036,175
Other locally assessed taxes	303,752	336,344	409,234	476,060	558,644	649,946	651,942	712,728	727,085
State shared income taxes	35,588	26,473	43,994	73,315	227,850	92,374	87,762	46,784	60,874
State shared beer taxes	13,287	14,779	14,701	16,471	17,781	18,118	19,859	18,867	19,862
State shared sales taxes	1,538,310	1,762,612	1,811,652	2,210,226	2,380,658	2,381,871	2,509,843	2,424,132	2,533,912
State shared mixed drink tax	-	-	-	-	123,658	139,446	159,292	174,081	173,260
Other state shared taxes	135,526	111,041	259,032	271,794	262,171	235,848	233,303	266,905	241,384
Unrestricted investment earnings and rental income	411,219	313,557	494,020	1,035,367	1,562,488	1,058,635	316,030	439,556	441,617
Other	136,889	480,864	35,937	133,587	338,896	128,311	406,690	227,172	343,927
Transfers	-	462,446	512,850	425,354	548,335	573,943	580,026	610,127	639,859
Total Governmental Activities	14,241,282	15,368,218	15,975,724	18,108,924	22,355,664	23,890,186	24,506,699	25,032,093	25,962,509
Business-Type Activities:									
Investments earnings	226,202	147,684	211,476	587,785	992,158	659,593	211,977	232,405	225,070
Other	-	-	-	1,333	-	(113,745)	9,505	3,496	1,583
Transfers	-	(462,446)	(512,850)	(425,354)	(548,335)	(573,944)	(580,026)	(610,127)	(639,859)
Total Business-type Activities	226,202	(314,762)	(301,374)	163,764	443,823	(28,096)	(358,544)	(374,226)	(413,206)
Total Primary Government	\$14,467,484	15,053,456	15,674,350	18,272,688	22,799,487	23,862,090	24,148,155	24,657,867	25,549,303
Change in Net Assets									
Governmental activities	\$4,034,396	2,751,789	6,509,589	539,543	2,236,007	7,500,423	1,030,093	(279,156)	(2,365,359)
Business-type activities	5,312,084	2,745,891	2,900,330	4,472,007	4,214,355	4,683,092	(461,837)	2,279,308	204,967
Total Primary Government	\$9,346,480	5,497,680	9,409,919	5,011,550	6,450,362	12,183,515	568,256	2,000,152	(2,160,392)

TOWN OF SMYRNA, TENNESSEE

**Financial Trends Information -
Fund Balances of Governmental Funds - Last Ten Fiscal Years**

Schedule 3

(Prepared using the modified accrual basis of accounting)-unaudited

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Governmental Funds:										
General Fund										
Reserved	\$-	432,408	378,481	322,641	257,970	205,283	170,518	119,751	92,013	97,259
Unreserved and undesignated	-	14,724,536	14,666,346	16,053,343	15,186,843	13,420,207	12,897,312	12,355,871	11,835,363	11,049,180
Nonspendable	69,667	-	-	-	-	-	-	-	-	-
Restricted	453,875	-	-	-	-	-	-	-	-	-
Assigned	2,625,725	-	-	-	-	-	-	-	-	-
Unassigned	10,530,089	-	-	-	-	-	-	-	-	-
Total General Fund	<u>\$13,679,356</u>	<u>15,156,944</u>	<u>15,044,827</u>	<u>16,375,984</u>	<u>15,444,813</u>	<u>13,625,490</u>	<u>13,067,830</u>	<u>12,475,622</u>	<u>11,927,376</u>	<u>11,146,439</u>
All Other Governmental Funds										
Reserved	\$-	213,750	230,980	228,549	245,288	261,991	261,280	281,475	290,677	291,381
Unreserved reported in:										
Capital Projects Fund	-	1,606,318	(200,979)	(2,988,927)	3,383,891	2,221,906	(318,467)	29,163	25,670	19,992
Special Revenue Funds	-	4,397,196	3,642,680	3,258,076	4,982,376	4,650,340	3,173,276	2,244,514	1,504,810	2,290,394
Nonspendable	170,456	-	-	-	-	-	-	-	-	-
Restricted in capital projects funds	5,673,986	-	-	-	-	-	-	-	-	-
Restricted in special revenue funds	1,418,039	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>7,262,481</u>	<u>6,217,264</u>	<u>3,672,681</u>	<u>497,698</u>	<u>8,611,555</u>	<u>7,134,237</u>	<u>3,116,089</u>	<u>2,555,152</u>	<u>1,821,157</u>	<u>2,601,767</u>
Total Governmental Funds	<u>\$20,941,837</u>	<u>21,374,208</u>	<u>18,717,508</u>	<u>16,873,682</u>	<u>24,056,368</u>	<u>20,759,727</u>	<u>16,183,919</u>	<u>15,030,774</u>	<u>13,748,533</u>	<u>13,748,206</u>

* In 2011 the classifications of fund balance have been changed to reflect the implementation of GASB 54.

TOWN OF SMYRNA, TENNESSEE

**Financial Trend Information -
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years**

Schedule 4

(Prepared using the modified accrual basis of accounting)-unaudited

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenues:										
Taxes and in lieu tax	\$21,300,902	20,638,744	20,118,749	19,080,244	16,820,307	13,910,099	12,734,876	12,243,011	11,792,608	11,306,245
Licenses and permits	1,089,550	1,364,206	3,410,039	2,803,239	3,314,920	2,803,006	3,074,314	3,135,469	1,664,282	1,305,307
Intergovernmental	4,563,135	4,286,974	4,149,290	3,891,156	4,016,468	3,989,844	5,115,717	3,174,732	2,711,954	2,858,598
Fines and fees	1,686,516	1,788,134	1,741,817	1,393,064	1,280,633	1,226,683	992,196	913,443	860,286	612,445
Uses of property and money	5,226,554	5,173,416	5,298,204	4,473,629	4,711,142	3,943,962	3,776,444	3,321,456	3,187,693	3,291,682
Other	358,819	403,673	485,317	145,277	413,199	133,587	323,007	480,863	136,889	414,227
Total revenues	<u>34,225,476</u>	<u>33,655,147</u>	<u>35,203,416</u>	<u>31,786,609</u>	<u>30,556,669</u>	<u>26,007,181</u>	<u>26,016,554</u>	<u>23,268,974</u>	<u>20,353,712</u>	<u>19,788,504</u>
Expenditures:										
General government	7,891,085	6,634,723	6,637,331	6,068,365	6,321,154	4,934,043	4,718,156	4,682,638	3,915,340	3,443,381
Public safety:										
Police	8,928,822	8,660,082	8,672,144	8,384,167	7,677,020	6,763,995	6,145,710	5,232,237	5,040,574	4,491,694
Fire	8,137,924	7,956,413	7,409,271	6,248,333	5,157,456	4,399,921	3,447,738	2,860,358	2,499,482	2,129,615
Highways and streets	1,673,430	1,785,964	1,916,911	1,402,244	1,836,298	1,413,161	1,508,199	1,583,914	1,473,545	1,401,252
Recreation	3,857,577	3,895,507	3,920,973	3,547,469	3,500,179	3,486,899	2,974,770	2,798,202	2,587,413	2,518,589
Community development	1,260,465	1,219,667	1,267,118	1,249,006	1,279,540	1,105,349	1,049,620	1,098,857	965,906	1,250,619
Stormwater	562,305	484,945	519,628	469,609	-	-	-	-	-	-
Debt service										
Principal	804,609	907,356	872,992	840,516	809,929	720,506	747,178	759,359	761,581	337,318
Interest	1,630,980	1,224,646	755,074	774,448	470,374	243,825	117,938	73,974	95,817	93,110
Capital outlay	961,581	1,912,646	7,315,141	10,559,082	10,256,413	3,362,990	6,006,736	4,207,553	3,432,316	3,241,716
Total expenditures	<u>35,708,778</u>	<u>34,681,949</u>	<u>39,286,583</u>	<u>39,543,239</u>	<u>37,308,363</u>	<u>26,430,689</u>	<u>26,716,045</u>	<u>23,297,092</u>	<u>20,771,974</u>	<u>18,907,294</u>
Excess of revenues over (under) expenditures	<u>(1,483,302)</u>	<u>(1,026,802)</u>	<u>(4,083,167)</u>	<u>(7,756,630)</u>	<u>(6,751,694)</u>	<u>(423,508)</u>	<u>(699,491)</u>	<u>(28,118)</u>	<u>(418,262)</u>	<u>881,210</u>
Other Financing Sources & Uses:										
Bond, notes and leases	257,086	3,050,000	5,346,967	-	9,500,000	5,041,823	1,339,786	847,913	418,319	871,567
Transfers	639,859	610,127	580,026	573,944	548,335	425,354	512,850	462,446	-	(45,575)
Other	153,986	23,375	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>1,050,931</u>	<u>3,683,502</u>	<u>5,926,993</u>	<u>573,944</u>	<u>10,048,335</u>	<u>5,467,177</u>	<u>1,852,636</u>	<u>1,310,359</u>	<u>418,319</u>	<u>825,992</u>
Net Change in Fund Balance	<u>(\$432,371)</u>	<u>2,656,700</u>	<u>1,843,826</u>	<u>(7,182,686)</u>	<u>3,296,641</u>	<u>5,043,669</u>	<u>1,153,145</u>	<u>1,282,241</u>	<u>57</u>	<u>1,707,202</u>
Debt Service as percentage of noncapital Expenditures	<u>7.0%</u>	<u>6.5%</u>	<u>5.1%</u>	<u>5.6%</u>	<u>4.7%</u>	<u>4.2%</u>	<u>4.2%</u>	<u>4.4%</u>	<u>4.9%</u>	<u>2.7%</u>

TOWN OF SMYRNA, TENNESSEE

Revenue Capacity Information Assessed Value and Estimated Actual Value of Taxable Property, Last Ten Years

Schedule 5

Fiscal Year	Appraised Value					Assessed Value	Total Direct Tax Rate*
	Public Utilities	Commercial & Industrial	Personal Property	Residential & Farm	Total		
2002	\$34,880,251	368,496,900	157,308,803	833,992,300	1,394,678,254	422,273,614	0.83
2003	35,621,506	444,615,300	180,300,353	937,144,452	1,597,681,611	485,814,167	0.72
2004	35,798,946	444,615,300	180,293,767	1,059,594,596	1,720,302,609	516,522,319	0.69
2005	35,272,427	495,829,170	216,748,190	1,133,941,844	1,881,791,631	566,241,421	0.69
2006	32,385,067	526,775,900	334,222,346	1,203,956,800	2,097,340,113	627,007,536	0.69
2007	35,350,524	651,861,100	341,849,659	1,483,822,287	2,512,883,570	755,747,907	0.86
2008	38,059,682	707,858,931	339,647,711	1,601,156,550	2,686,722,874	804,659,573	0.86
2009	37,328,547	786,822,299	320,262,614	1,691,149,600	2,835,563,060	840,060,581	0.86
2010	38,041,438	891,304,600	325,239,441	1,718,764,100	2,973,349,579	896,470,349	0.86
2011	41,959,823	1,096,750,700	294,023,088	1,832,688,500	3,265,422,111	1,005,813,825	0.7595

Property is assessed as follows:

Industrial and Commercial:

Real 40%

Personal 30%

Public Utility 55%

Farm and Residential 25%

* Per \$100 of assessed valuation

Note - Property of the Town is reappraised frequently. For this reason appraised value is considered equal to actual value.

Property was reappraised in 2007 and 2011

TOWN OF SMYRNA, TENNESSEE

Revenue Capacity Information Direct and Overlapping Property Tax Rates, Last Ten Years

Schedule 6

Fiscal Year	Direct Rate City*	Overlapping Rates	Total
		County**	
2002	\$0.83	2.78	3.61
2003	0.72	2.51	3.23
2004	0.69	2.80	3.49
2005	0.69	2.80	3.49
2006	0.69	2.80	3.49
2007	0.86	2.44	3.30
2008	0.86	2.44	3.30
2009	0.86	2.56	3.42
2010	0.86	2.735	3.595
2011	0.7595	2.465	3.225

* Source - County Tax Assessor

There are no components of the Town direct tax rate.

** Levied on County property within the Town

*** Per \$100 of Assessed Valuation

TOWN OF SMYRNA, TENNESSEE

Revenue Capacity Information Principal Property Taxpayers, Current Year and Nine Years Ago

Schedule 7

Taxpayer	2011			2002		
	Taxable Assessed Value	Rank	Percent of Total Assessed Value	Taxable Assessed Value	Rank	Percent of Total Assessed Value
Southpark Nashville L	\$35,797,560	1	3.56%	-	-	-
HCA Health Services	24,811,640	2	2.47%	-	-	-
Nissan North America	24,275,286	3	2.41%	\$23,291,608	1	5.52%
Smyrna Village LLC	17,655,510	4	1.76%	-	-	-
Vi Jon, Inc.	12,332,966	5	1.23%	1,872,720	10	0.44%
Stoneridge Farms at Si	11,200,000	6	1.11%	-	-	-
Sam Ridley LLC	8,774,700	7	0.87%	-	-	-
Middle Tennessee Ele	8,139,689	8	0.81%	4,739,123	2	1.12%
LW Apartments LLC	5,954,495	9	0.59%	3,751,420	4	0.89%
Swanson Developmen	5,492,040	10	0.55%	3,700,600	5	0.88%
BellSouth Telecommu	-	-	-	4,200,802	3	0.99%
MI Home Products	-	-	-	2,420,030	9	0.57%
Imperial Gardens Apa	-	-	-	3,233,320	7	0.77%
CSX Transportation	-	-	-	3,611,042	6	0.86%
United States Cold Stc	-	-	-	3,129,174	8	0.74%
Totals	<u>\$154,433,886</u>		<u>15.35%</u>	<u>\$53,949,839</u>		<u>12.78%</u>
Total Assessed Value	<u>\$1,005,813,825</u>			<u>\$422,273,614</u>		

Source- Town tax rolls

TOWN OF SMYRNA, TENNESSEE

**Revenue Capacity Information
Property Tax Levies and Collections, Last Ten Fiscal Years**

Schedule 8

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent Collected	Delinquent Tax Collections	Total Collections	Total Collected as Percent of Current Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as Percent of Levy
2002	\$3,504,871	3,364,397	95.992%	131,439	3,495,836	99.742%	9,035	0.258%
2003	3,497,862	3,362,439	96.128%	129,030	3,491,469	99.817%	6,393	0.183%
2004	3,564,004	3,475,537	96.128%	81,063	3,556,600	99.792%	7,404	0.208%
2005	3,908,439	3,821,158	97.518%	80,826	3,901,984	99.835%	6,455	0.165%
2006	4,326,352	4,236,758	97.767%	87,050	4,323,808	99.941%	2,544	0.059%
2007	6,499,432	6,275,145	97.929%	213,736	6,488,881	99.838%	10,551	0.162%
2008	6,944,753	6,757,556	96.549%	170,453	6,928,009	99.759%	16,744	0.241%
2009	7,224,521	7,001,251	97.304%	183,497	7,184,748	99.449%	39,773	0.551%
2010	7,709,645	7,405,700	96.910%	145,507	7,551,207	97.945%	158,438	2.055%
2011	7,639,156	7,341,727	96.058%	-	7,341,727	96.107%	297,429	3.893%
							<u>\$554,766</u>	

Taxes are assessed as of January 1 and due on October 1 each year.

Taxes become delinquent on February 28 of the following year.

TOWN OF SMYRNA, TENNESSEE

Debt Capacity Information

Ratios of Outstanding Debt by Type, Last Ten Fiscal Years

Schedule 9

Fiscal Year	Population	Governmental Activities		Business-type Activities		Total Primary Government	Percent of Personal Income	Debt Per Capita
		General Obligation Bonds	Capital Leases	Water and Sewer Bonds	Water and Sewer Revolving Loan			
2002	27,000	\$4,605,337	82,522	19,895,390	-	24,583,249	4.57%	910
2003	29,983 **	4,073,926	270,671	15,619,375	-	19,963,972	3.34%	666
2004	29,983	4,297,229	135,922	18,655,985	-	23,089,136	3.86%	770
2005	33,123 **	4,985,187	40,572	26,928,813	-	31,954,572	4.84%	965
2006	33,123	9,305,253	-	24,700,747	-	34,006,000	5.15%	1,027
2007	33,123	17,995,324	-	22,414,676	-	40,410,000	6.12%	1,220
2008	38,073 **	17,054,808	-	20,009,192	-	37,064,000	4.88%	973
2009	38,073	21,428,783	-	22,010,216	-	43,438,999	5.72%	1,141
2010	38,073	23,153,677	-	37,167,323	1,229,597	61,550,597	8.11%	1,617
2011	39,974	21,776,630	31,086	52,229,036	3,721,532	77,758,284	8.02%	1,945

Notes:

Details of the City's debt can be found in the Note 6 in the current financial statements.

Personal income information is on Schedule 14

* Based on Town Planning Department estimates except in years when census taken.

** Census

See schedule 14 for personal income information.

TOWN OF SMYRNA, TENNESSEE

**Debt Capacity Information
Ratios of General Obligation Debt Outstanding, Last Ten Fiscal Years**

Schedule 10

Fiscal Year	Population *	Estimated Actual Value	General Obligation Bonds	Capital Leases	Total	Ratio of General Obligation Debt to Actual Value	Net General Obligation Debt Per Capita
2002	27,000	\$1,394,678,254	4,605,337	82,522	4,687,859	0.34%	174
2003	29,983 **	1,597,681,611	4,073,926	270,671	4,344,597	0.27%	145
2004	29,983	1,720,302,609	4,297,229	135,922	4,433,151	0.26%	148
2005	33,123 **	1,881,791,631	4,985,187	40,572	5,025,759	0.27%	152
2006	33,123	2,097,340,113	9,305,253	-	9,305,253	0.44%	281
2007	33,123	2,512,883,570	17,995,324	-	17,995,324	0.72%	543
2008	38,073 **	2,686,722,874	17,054,808	-	17,054,808	0.63%	448
2009	38,073	2,835,563,060	21,428,783	-	21,428,783	0.76%	563
2010	38,073	2,973,349,579	23,153,677	-	23,153,677	0.78%	608
2011	39,974	3,265,422,111	21,776,630	31,086	21,807,716	0.67%	546

Note:

The above general obligation debt includes capital outlay notes since they are required to be paid from the tax base of the City.

* Based on Town Planning Department estimates except in years when census taken.

** Census

The General Obligation Bonds do not include a portion of the 2008 issue to be paid from Water and Sewer operations and included in business-type activity long-term debt.

TOWN OF SMYRNA, TENNESSEE

Debt Capacity Information Direct and Overlapping Governmental Activities Debt

Schedule 11

<u>Jurisdiction</u>	<u>General Obligation Debt Outstanding</u>	<u>Percentage Applicable to Town*</u>	<u>Amount Applicable to Town*</u>
Town of Smyrna	\$21,776,630	100.00%	\$21,776,630
Rutherford County	323,580,000	16.49% *	53,196,552
Total	<u>\$345,356,630</u>		<u>\$74,973,182</u>

* Based upon Assessed Value of Property in:
County \$6,099,730,447
Town 1,005,813,825

TOWN OF SMYRNA, TENNESSEE

**Debt Capacity Information
Debt Margin Information, Last Ten Fiscal Years**

Schedule 12

Fiscal Year	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Assessed Value	\$1,005,813,825	896,470,349	840,060,581	804,659,573	755,747,907	627,007,536	566,241,421	516,522,319	485,814,167	422,273,614
General Obligation Debt	21,776,630	23,153,677	21,428,783	17,054,808	17,995,324	9,305,253	5,025,759	4,433,151	4,344,597	4,687,859
Debt as % of Assessed Value	2.17%	2.58%	2.55%	2.12%	2.38%	1.48%	0.89%	0.86%	0.89%	1.11%

Note - The Town has no legal debt limit.

TOWN OF SMYRNA, TENNESSEE

Debt Capacity Information Pledged - Revenue Coverage, Last Ten Years

Schedule 13 Water and Sewer Enterprise Fund

Year	Gross Revenues*	Direct** Operating Expense	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2002	\$6,103,448	4,263,575	1,839,873	1,241,000 ***	374,884	1,615,884	1.14
2003	6,896,044	4,544,207	2,351,837	1,336,015 ***	453,290	1,789,305	1.31
2004	7,761,370	4,924,372	2,836,998	1,713,390	539,096	2,252,486	1.26
2005	8,209,877	5,472,468	2,737,409	1,727,172	554,788	2,281,960	1.20
2006	10,193,575	6,074,635	4,118,940	2,228,066	736,367	2,964,433	1.39
2007	11,483,155	6,793,170	4,689,985	2,286,071	915,263	3,201,334	1.47
2008	11,003,668	7,736,556	3,267,112	2,405,484	973,227	3,378,711	0.97
2009	11,596,452	9,052,996	2,543,456	2,492,008 ***	778,956	3,270,964	0.78
2010	12,004,608	8,585,008	3,419,600	2,812,894	664,523	3,477,417	0.98
2011	13,125,398	9,104,140	4,021,258	2,938,287	527,969	3,466,256	1.16

* Includes nonoperating revenues

** Net of depreciation and amortization

*** Does not include refunding amounts of \$3,950,000 for 2002, \$2,160,000 for 2003, and \$8,350,000 for 2009.

TOWN OF SMYRNA, TENNESSEE

**Demographic and Economic Information
Demographic and Economic Statistics, Last Ten Years**

Schedule 14

Year	Population	Personal Income	Per Capita Income	Median Age*	School Enrollment**	Unemployment Rate***
2002	27,000	538,326,000	19,938 *	31.7	8,737	4.3%
2003	29,983 *	597,801,054	19,938 *	31.7	9,231	4.5%
2004	29,983	597,801,054	19,938 *	31.7	9,417	3.8%
2005	33,123 *	660,406,374	19,938 *	31.7	8,512	4.0%
2006	33,123	660,406,374	19,938 *	31.7	10,084	3.3%
2007	33,123	660,406,374	19,938 *	31.7	10,305	3.3%
2008	38,073 *	759,099,474	19,938 *	31.7	10,606	6.4%
2009	38,073	759,099,474	19,938 *	31.7	10,415	11.1%
2010	38,073	759,099,474	19,938 *	31.7	10,512	9.7%
2011	39,974	969,889,162	24,263 *	33.0	9,921	9.2%

* Census

** Rutherford County Board of Education

*** Rutherford County Chamber of Commerce and Town, County and State Planning Offices.

Personal income is a calculation of per capita income and population.

TOWN OF SMYRNA, TENNESSEE

Demographic and Economic Information Principal Employers, Current Year and Nine Years Ago

Schedule 15

Employer	2011			2002		
	Employees	Rank	Percentage	Employees	Rank	Percentage
Nissan Motor Company	3,700	1	43.73%	6,070	1	61.01%
Asurion	1,165	2	13.77%	-	-	-
Vi-Jon (Cumberland Swan)	737	3	8.71%	1,000	2	10.05%
StoneCrest Medical Center	550	4	6.50%	-	-	-
Taylor Farms Tennessee	550	5	6.50%	185	8	1.86%
Smyrna VA Call Center	481	6	5.68%	-	-	0.00%
Square D/Schneider Electric	474	7	5.60%	720	4	7.24%
Federal Mogul	383	8	4.53%	-	-	-
Franke Foodservice Systems	224	9	2.65%	-	-	-
Tridon	197	10	2.33%	325	5	3.27%
Caradon / Betterbilt				850	3	8.54%
Menlo/Word Distribution				300	6	3.02%
Graybar Electric				250	7	2.51%
Logisco				150	9	1.51%
Davidson Manufacturing				100	10	1.01%
	<u>8,461</u>		<u>100.00%</u>	<u>9,950</u>		<u>100.00%</u>

Source: Rutherford County Chamber of Commerce

Percentage reflects the percentage of each employer to the top ten employers for that year.

Total Town employment is not available.

TOWN OF SMYRNA, TENNESSEE

Operating Information Full-time Equivalent Town Government Employees by Function, Last Ten Fiscal Years

Schedule 16

Function	Full-time Equivalent Employees as of June 30									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General government:										
Administration	7	7	6	7	5	5	5	5	5	4
Finance	12.6	16.4	17.4	17.4	14.6	14.6	14.6	13.8	12.6	13.6
Personnel	3	3	3	3	3	3	2	3	3	3
Planning and Codes	11	11.8	11.8	11.8	11	10	11	10	12	11
IT Services	4.8	4.8	4.8	4.8	3.8	3.8	3.8	3.8	3.0	3.0
Courts	16.4	17.2	16.4	13.4	14.2	13.8	13.6	12.8	11.0	10.0
Building and Grounds	10.0	11.0	12.8	13.6	12.8	13.6	14.6	13.4	15.4	12.4
Legislative	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6
Public Safety:										
Police										
Officers	80	80	81	79	74	70	68	59	58	56
Civilians	25.8	26.6	27.8	25.6	26.8	24.8	24.8	23.8	30.6	29.8
Fire										
Firefighters	97	98	91	81	70	60	58	55	48	46
Civilians	2	2	2	2	2	2	2	2	2	1
Highways and streets	17.6	18.6	19.6	18.6	21.8	20.8	20.5	19	20.8	21.6
Stormwater	5	5	4	4	N/A	N/A	N/A	N/A	N/A	N/A
Recreation										
Parks	40.7	41.2	40.5	39	36.1	35.5	28.9	25.8	25.5	23.2
Golf Course	20.4	18.1	22.2	22.2	20.9	22.5	16.5	14.4	14.4	14
Community Development	12.2	12.2	13.0	12.8	10.2	11.2	9.4	7.6	9.2	10.4
Water and Sewer	61	63	62	60	49	47	46	44	43	40
Natural Gas	21	21	21	19	18	16	16	15	15	15.5
Totals	453.1	462.5	461.9	439.8	398.8	379.2	360.3	333.0	334.1	320.1

Source: Town Departments

N/A - Not Applicable

TOWN OF SMYRNA, TENNESSEE

**Operating Information
Operating Indicators by Function/Program, Last Ten Fiscal Years**

Schedule 17

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Governmental Activities:										
General Government:										
Court										
Warrants/summons issued	4,159	4,240	5,128	4,766	4,595	3,169	2,187	N/A	N/A	N/A
Warrants served	1,651	1,315	1,346	1,207	1,827	1,260	868	N/A	N/A	N/A
Misdemeanor citations	690	750	790	680	2	444	263	N/A	N/A	N/A
General sessions cases	12,826	13,263	15,328	13,036	12,305	8,489	8,068	6,748	N/A	N/A
Traffic court cases	10,870	11,661	11,750	10,548	7,703	8,777	6,525	6,204	N/A	N/A
Planning and Codes										
Building permits issued	726	894	1,000	1,015	1,230	1,074	1,079	1,230	1,057	867
Site plans reviewed	26	45	60	61	55	48	62	52	57	36
Zoning/annexation requests	11	35	35	49	41	41	59	38	38	22
Administration										
Population served per employee	97	96	97	88	94	84	80	N/A	N/A	N/A
Finance										
Checks processed	6,694	8,037	8,000	7,804	8,140	8,210	8,204	8,756	8,695	8,495
Amount purchased on competitive bid (millions)	\$3.80	\$5.10	\$3.00	\$2.80	\$4.00	\$2.60	\$3.40	\$2.30	\$2.20	\$2.10
Treasury										
Total number of utility payments	137,119	159,547	158,007	155,905	146,500	146,000	145,000	138,160	N/A	N/A
Total number of other payments	10,407	11,514	12,709	12,777	13,500	11,920	11,800	11,252	N/A	N/A
Human Resources										
Personnel turnover rate	12.00%	11.00%	11.00%	15.00%	14.00%	7.00%	3.80%	6.00%	N/A	N/A
New hires	63	98	120	113	100	89	90	81	N/A	N/A
Vehicle Maintenance										
Number of vehicles maintained	214	219	218	218	200	192	171	164	N/A	N/A
Pieces of equipment maintained	125	125	127	125	114	97	102	96	N/A	N/A
Public Safety:										
Police										
Average response in minutes	7:13	6:50	6:47	7:03	6:23	6:25	6:29	6:30	6:30	N/A
Police calls per 1,000 population	724	681	743	767	720	700	715	719	740	N/A
Fire										
Average response in minutes	5:45	5:54	5:44	5:23	5:23	5:15	5:18	5:30	5:42	5:53
Dispatch calls for service	1,869	1,810	1,825	1,900	1,807	1,729	1,729	1,697	1,671	2,021
Culture and Recreation										
Parks and Recreation										
Number of park users	1,150,000	969,845	1,162,400	1,107,067	984,008	550,000	500,000	477,000	412,000	389,000
Number of league participants	7,200	7,624	7,700	7,590	7,220	6,597	6,354	5,775	N/A	N/A
Town Centre										
Number of functions	411	507	677	544	578	605	553	516	612	554
Golf Course										
Total rounds	31,583	29,237	31,580	39,000	36,224	37,584	39,146	41,864	34,137	40,207
Business-type Activities:										
Water Treatment Plant										
Gallons treated (millions)	3,604	2,942	3,124	3,413	3,259	3,210	2,820	2,669	2,856	2,740
Customers	13,344	13,323	13,249	13,219	12,777	10,144	9,713	9,334	9,532	10,367
Waste Water Treatment Plant										
Gallons treated (millions)	2,092	1,763	2,000	1,665	1,659	2,100	1,920	1,440	1,431	1,465
Customers	12,601	12,594	12,530	12,271	11,863	9,293	8,899	8,545	8,681	9,511
Natural Gas										
Customers	9,608	9,591	9,502	9,500	9,242	7,278	7,078	6,720	6,633	7,673

Sources: Town of Smyrna Departments
N/A : Statistic not available

TOWN OF SMYRNA, TENNESSEE

**Operating Information
Capital Assets Statistics by Function/Program, Last Ten Fiscal Years**

Schedule 18

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Governmental Activities:										
General Government:										
Planning and Codes										
Vehicles	6	8	7	8	9	8	7	7	7	7
Engineering										
Vehicles	-	-	-	1	1	1	1	-	-	-
Building and Grounds Maintenance										
Traffic signals	46	46	45	43	39	39	39	34	29	29
Shop	1	1	1	1	1	1	1	1	1	1
Vehicles	12	12	12	14	12	14	14	14	11	10
Administration										
Town Hall	1	1	1	1	1	1	1	1	1	1
Vehicles	2	2	2	2	2	1	1	1	1	1
Information Services										
Vehicles	2	2	3	3	3	3	3	3	3	2
Stormwater										
Vehicles	2	3	3	1	-	-	-	-	-	-
Public Safety:										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	81	89	83	86	87	78	77	68	63	63
Fire										
Stations	6	6	6	6	5	5	5	5	5	5
Vehicles	22	22	21	19	20	19	21	21	21	21
Highways and streets										
Streets (miles)	106.23	106.23	103.87	102.27	95.37	93.38	92.85	91.80	90.72	85.53
Salt storage bin	1	1	1	1	1	1	1	1	1	1
Shop	1	1	1	1	1	1	1	1	1	1
Vehicles	22	19	19	20	18	20	17	14	11	10
Cultural and Recreation										
Parks and Recreation										
Acres	815	788	788	788	788	708	662	662	662	648
Parks	12	12	12	12	12	11	10	10	9	8
Picnic areas (shelters)	17	17	17	17	17	17	16	16	15	14
Tennis courts	8	8	8	8	6	6	6	6	6	6
Racquetball courts	2	2	2	2	2	2	2	2	2	2
Practice areas	8	8	8	9	9	9	8	8	9	9
Soccer fields	10	10	10	10	10	10	10	10	10	10
Softball fields	6	6	6	6	6	6	6	6	6	6
Football fields	2	2	2	2	2	2	2	2	2	2
Baseball fields	5	5	5	5	5	5	5	5	5	5
Playgrounds	9	9	9	9	9	9	9	9	7	6
Shop	1	1	1	1	1	1	1	1	1	1
Pools	2	2	2	2	2	2	2	2	2	2
Splashpad	1	1	1	1	1	1	-	-	-	-
Workout facility	1	1	1	1	1	1	1	1	1	1
Trails and greenways (miles)	14	14	14	14	14	14	13	7	6	6
Discgolf course	1	1	1	1	1	1	1	1	1	-
Community center building	1	1	1	1	1	1	1	-	-	-
Meeting hall	1	1	1	1	1	1	1	1	1	1
Vehicles	14	14	12	17	14	11	11	11	8	8

continued on next page

TOWN OF SMYRNA, TENNESSEE

Operating Information
Capital Assets Statistics by Function/Program, Last Ten Fiscal Years

Schedule 18, continued

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Town Centre										
Banquet facility	1	1	1	1	1	1	1	1	1	1
Golf Course										
Acres	244	244	244	244	244	244	244	244	244	244
Clubhouse	1	1	1	1	1	1	1	1	1	1
Maintenance facility	1	1	1	1	1	1	1	1	1	1
Regulation course	1	1	1	1	1	1	1	1	1	1
Executive course	1	1	1	1	1	1	1	1	1	1
Vehicles	1	2	1	1	1	1	1	1	1	1
Business-type Activities:										
Water Treatment Plant										
Plant	1	1	1	1	1	1	1	1	1	1
Storage tanks	5	5	5	5	5	5	5	5	5	5
Hydrants	1,582	1,439	1,433	1,419	1,355	1,355	1,307	1,235	1,174	1,157
Shop	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Vehicles	21	21	20	20	17	15	12	10	9	9
Waste Water Treatment Plant										
Plant	1	1	1	1	1	1	1	1	1	1
Shop	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Vehicles	20	20	22	22	19	18	15	14	13	13
Natural Gas										
Miles of main	304	279	279	278	275	213	211	208	203	198
Shop	1	1	1	1	1	1	1	1	1	1
Vehicles	10	15	13	13	13	13	12	11	10	9

Sources: Town of Smyrna Departments

OTHER REPORTS

YEARY, HOWELL & ASSOCIATES

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and Town Council
Town of Smyrna, Tennessee

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Town of Smyrna as of and for the year ended June 30, 2011, which collectively comprise the Town of Smyrna's basic financial statements and have issued a report thereon dated October 31, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Smyrna's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Town of Smyrna's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Smyrna's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However we identified certain deficiencies in internal control over financial reporting described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting (11-01). A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention of those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Smyrna's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain additional matters that were reported to management in a separate letter dated October 31, 2011.

The Town of Smyrna's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Town of Smyrna's response, and accordingly we express no opinion on it.

This report is intended solely for the information and use of management, Board of Aldermen and, State Comptroller's Office, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



October 31, 2011

YEARY, HOWELL & ASSOCIATES

Certified Public Accountants

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NASHVILLE, TN 37204-3109

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Mayor and Town Council
Town of Smyrna, Tennessee

Compliance

We have audited Town of Smyrna's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town of Smyrna's major federal programs for the year ended June 30, 2011. Town of Smyrna, Tennessee's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Town of Smyrna's management. Our responsibility is to express an opinion on Town of Smyrna, Tennessee's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Town of Smyrna's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Town of Smyrna, Tennessee's compliance with those requirements.

In our opinion, Town of Smyrna, Tennessee, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control over Compliance

Management of Town of Smyrna, Tennessee, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Town of Smyrna's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Town of Smyrna's internal control over compliance.

A *deficiency in internal control* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Honorable Mayor and Town Council
Town of Smyrna, Tennessee

This report is intended solely for the information, and use of management, Town Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Yeamans & Associates

October 31, 2011

TOWN OF SMYRNA, TENNESSEE

Schedule of Findings and Questioned Costs

June 30, 2011

I. Summary of Auditor's Results

- A. The June 30, 2011 Auditor's Report on the Financial Statements was an unqualified opinion.
- B. A significant deficiency in the internal control was disclosed during the audit of the financial statements.
- C. The audit did not disclose any noncompliance which is material to the financial statements.
- D. No significant deficiencies in internal control over major programs were disclosed by the audit.
- E. The June 30, 2011 report on compliance for major programs was an unqualified opinion.
- F. The audit did not disclose any audit findings which are required to be reported under §.510a.
- G. Major programs- Capitalization Grants for Clean Water (Revolving Loans) CFDA 66.458, Tennessee Department of Conservation and Environment
- H. Type A programs have been distinguished as those programs with expenditures greater than \$300,000.
- I. The Town of Smyrna was not considered a low risk auditee.

II. Findings Related to the Financial Statements Which are Required to be Reported in Accordance with *Government Auditing Standards*.

Current Year Findings

- 11-01 During our testing of the calculation of the gas rate charged to customers for February and March 2011, it was noted that the rate calculation did not include the fuel and transportation component. This resulted in an under-calculation of the gas cost by approximately \$110,000 for February and \$129,000 for March. The rate for the June billing was adjusted to recoup these under billings.

Recommendation: We recommend procedures be implemented that includes an independent check of the rate calculation each month prior to billing.

Response: We concur. The calculation of the gas rate will be reviewed by another employee before billing.

There were no significant deficiencies or questioned costs related to major federal programs.